

PROCEEDINGS OF THE TRANSPORT TRIBUNAL

LONDON FARES AND MISCELLANEOUS CHARGES DIVISION

TUESDAY, 26th APRIL, 1966

PRESENT:

G. D. SQUIBB, Esq., Q.C. (President)

SIR THOMAS ROBSON, M.B.E., F.C.A.

R. C. MOORE, Esq., O.B.E., M.Inst.T.

Mr. E. S. FAY, Q.C., and Mr. K. JUPP, Q.C. (instructed by Mr. M. H. B. Gilmour, Solicitor to the British Railways Board) appeared on behalf of the British Railways Board.

Mr. J. T. MOLONY, Q.C., and Mr. L. MACLAREN (instructed by Mr. E. Kelsey, Solicitor and Parliamentary Officer to the Greater London Council) appeared on behalf of the Greater London Council.

Mr. M. C. PARKER and Mr. P. GRIEVE (instructed by Mr. Keith Lauder, Town Clerk and Solicitor to the London Borough of Barking, and Hon. Secretary to the South Essex Traffic Advisory Committee) appeared on behalf of the London Borough of Barking and the South Essex Traffic Advisory Committee.

Mr. G. MERCER (instructed by Messrs. Knocker & Foskett, Solicitors to the Travellers' Associations—Joint Committee) appeared on behalf of the Travellers' Associations—Joint Committee.

Mr. D. KEENE (instructed by Mr. A. E. Poole, Clerk of the Thurrock Urban District Council) appeared on behalf of the Thurrock Urban District Council.

Mr. F. A. RULER, represented the Federation of Residents Associations in the County of Kent.

Mr. G. E. AUSDEN represented the Association of Public Transport Users.

(Mr. Fay): May it please the Tribunal, in this application by the British Railways Board I appear on behalf of the Applicants with my learned friend Mr. Jupp.

This Application is one which I need not take over-long in opening to you because it is largely concerned with scales which have already been the subject of your attention in the preceding case. The British Railways Board, like the London Transport Board, issued a Notice increasing the fares under the emergency procedure effective on the 16th January last and the fares and the increase in fares with which we are concerned are the same as those comprised in the London Transport Notice of the same time. This is an Application which asks for the confirmation of those increased fares and asks for three other matters to be incorporated in the Order from now on. Firstly, that which I have so recently been addressing the Tribunal about, namely the increase from 3d. to 3½d. in the flat rate fare per mile for ordinary tickets. Secondly, it asks that the reduced rate season tickets for young persons should be limited to those who are not gainfully employed and are undergoing education. Thirdly, it asks that there should be instead of an elaborate scale, a provision allowing them to make a reasonable charge for passengers' excess baggage.

I believe I am right in saying that last amendment has attracted no objections whatever. It may be that there are no passengers left in the London area who take more than 100 lbs. of baggage with them, I should not be at all surprised. You will bear from my witness that the scale, which I suppose was appropriate in Victorian days when people moved with all their belongings to the seaside and had a dozen trunks, simply involves the Railways in keeping scales at their station to weigh excess baggage which never arrives to be weighed. It simply involves them in equipment and in elaborate calculations if there is a rare occasion when someone is taking an excess amount of baggage, and it would be a great deal simpler and more in keeping with modern practice simply to raise a reasonable charge where baggage is deemed to be in excess. So that is something I need not trouble over much about.

I come straight to finance. The finances of British Railways as a whole are, of course, not in a state of which any Nationalised body can be proud. The 1964 working deficit was £67m., the 1965 working deficit was no better, and the

1966 working deficit is expected to show a slight improvement; but I do not suppose my witness would claim that British Railways is losing less than £5m. a week on its working account. That is a picture that you will have been familiar with for some time now. That is British Railways position as a whole, over the whole of Great Britain and over the whole freight services as well as passenger traffic, and over the whole of its unprofitable branch lines as well as its more profitable inter-city lines.

What you are concerned with, of course, is the London area, and not with the London area geographically so much as the physiological conception of the journeys which are wholly within the London area. That, as you know from experience, leads one into the difficulties of the costings exercise needed in order to ascertain what are the costs properly attributable to the persons who take journeys wholly within the London area on trains which will be moving outside the area and on track which serves trains of all kinds both within and without and track carrying freight as well as passengers. This costing exercise has been performed, as in the past, by my witness Mr. Winchester, and he puts his figures before you, not as precise figures, but as as good an estimate as can be made using as accurate judgments as can be formed in the apportionment of the costs with which he is dealing.

When he makes his forecast of the receipts from the tickets within the jurisdiction of this Tribunal and of the costs involved in earning those receipts he produces—and you will have seen this in his Exhibit WW1—a result that at the pre-January charges (that is before the increases which you are asked to approve) there would be a margin of £2m., a margin which has to pay its proper share of the interest charges of British Railways before one can enquire whether there is any surplus of any kind. That margin, which you see at line 11 on WW1, will be increased, if this Application is granted, by the sum of £1.3m., the yield of the charges already in force, and by the sum of £0.8m. in respect of the further matters which are dealt with in the Order, thus increasing the margin by £2.1m. to a sum, as a forecast of a future year, of £4.2m. I remind you that is before the payment of interest, and Mr. Winchester will tell you that the interest properly chargeable to those journeys is a sum of £4m. So that means that without the charges the subject of this Application the London journeys would be £2m. short of paying

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[Continued]

their interest, and with the charges the subject of the Application they will be able to meet the interest and have the very small surplus of £93m. over and above. That is a rather happier result than the London Transport figures which have been presented to you, but no-one could call it a result which is satisfactory to the transport operators or, indeed, as much of a surplus as the Tribunal has in the past said ought to be aimed at. But this is the result of the assimilation of the season ticket rules of the two bodies and of the bringing into force of these charges which are thought to be reasonable increases and reasonable in all the circumstances in the light of present-day conditions.

You may like to look for a moment at the way in which the total of £21m. of yield is made up, and that will become apparent from an examination of Exhibit JP 5. So far as the JP series of exhibits are concerned, they will be produced to the Tribunal by my second witness, Mr. Penney, who is now Passenger Officer of the British Railways Board; he is a newcomer to these deliberations. This is his document JP 5, and if one looks at it—and it is in a form which will be familiar to habitues of this class of entertainment—it will be seen from column 4 that there is given a net yield of the various increases which were brought into force on the 16th January and which you are asked to confirm. The first figure in column 4 is £700,000. That is the net yield of increases in the ordinary full fares of British Railways which were the subject of that Notice, and, speaking from recollection, I think I am right in saying that those were the ones which marched in step with London Transport increases up to but not including the 3½d. which comes into the second stage. Those increases are swollen by the second figure, which is the full fares on the Fenchurch Street line. Those still being, in consequence of your decision last time, at London Transport level and having the London Transport increase, that yields that figure of £140,000. Then on season tickets the increased yield, net, is £250,000, and there is a total which is diminished by clearances with London Transport and comes out in WW 1 as £13m.

The further increases are dealt with in columns 7, 8 and 9. The figure of £480,000 gross, £380,000 net, in column 8 is the product of the farthings insofar as the farthing operates, that is to say at 11 miles and above. Coming down to the figure of £400,000 in column 8, that is the net yield eliminating reduced rate season tickets to juveniles who are in employment. We have not put in a figure, as I see it, for any net yield from the abolition of excess baggage charges and the substitution of a reasonable charge. It is not thought that will make any financial difference.

The proposal to alter the concessions given to certain teenagers, which has attracted a good deal of attention and some opposition, is examined in more detail in the note in the box at the bottom of sheet JP 5, where you will see there is given the estimated annual receipts from the two-thirds and half-rate tickets respectively and the cost and net yield of dealing with them in the way proposed.

If I may go back to the 3d. to 3½d. increases, I would remind the Tribunal that it is a long time now since the Tribunal authorised a maximum fare on British Railways of 3d. It was in fact authorised seven years ago, in 1959. Although authorised back in 1959 it was not used, or the full maximum fare was not imposed, until June, 1962. But since June, 1962 (that is to say on four years) the ordinary farepayers on British Railways in London have not had any increase except at the lower mileages where there have been increases at the point of delivery. At the longer distances they have stayed at 3d. a mile for four years, and if further revenue is needed this class of revenue, in my submission is one whose turn has come round. Bearing in mind the diminution in the value of money over the last four years and the increases in personal income over that time, this is a not unreasonable method of obtaining that part of the additional revenue.

I should add, Sir, that as from February 1st, 1965, British Railways increased their ordinary fares outside London, or perhaps other journeys within London is a more correct way of putting it, to this figure of 3½d. I say that merely as a matter of information. So the Londoners have had it cheaper for over a year now.

Now may I come to the young persons and how they are to be dealt with if this scheme is approved. You will recall that the existing provision about half rate fares and the like first of all provides that there shall be half rate fares for travellers under 14, and that is unaltered and there is no proposal whatever to touch half fares for children. Then the present provision is that from the ages of 14 to 16 there shall be half rate fares for residential purposes for persons undergoing education, or "educational" seasons. From 16 to 18 there is a half rate for the same purpose if the applicant is earning 25s. 6d. or less, and a two-thirds rate season for all other applicants for these "educational" season tickets. The provision at present in the Order is so worded that it is impossible to exclude young persons in work, because one can say that any young person of the appropriate age who is going to work, because he is on the threshold of life and setting out in his job, is in fact learning whether he is called an apprentice or whether he is not, and in practice it has been found impossible to avoid issuing these tickets to any young persons between the ages of 14 and 18 who, in the case of those between 16 and 18, satisfy the financial test. This means that under the present wording young persons travel to work at either half or two-thirds the rate paid by all other season ticket holders. This proposal is that the half rate season tickets should be continued, and continued for educational purposes truly so defined only, so that persons in full-time education and not in receipt of wages should be entitled to the tickets, but that persons who are employed should not.

This is a very important proposal, it is not surprising it has attracted some attention and that we heard something about it in the case which preceded this, although I am bound to say I was surprised in the preceding case to hear it opposed by the representative of the Communist Party, because one of the viewpoints which I am going to suggest is that it is entirely out of keeping with the 20th century that this particular teenage section of the community should get favourable treatment at the expense of other travellers. Of course the burden falls on other travellers. The less some pay the more others have got to pay to make it up, and at present these young people are being subsidised by everybody who buys a full-rate ticket, and I should have expected the Communist gentleman to have welcomed this proposal and to have adopted the view which I, on behalf of my clients, certainly share that the young people should be paid a wage which enables them to meet their travelling expenses and should not have to throw those expenses back upon what I would go so far as to describe as the charity of other travellers. There are social implications behind this Application and I put it forward in the broad historical context that it is a survival of the way in which in days before the Welfare State was dreamed of, Parliament, which gave to the railways when they promoted their bills valuable franchises and valuable rights to make profits, took by way of some recompense on behalf of the public undertakings, statutory duties by the railways, to perform certain social benefits for certain classes of the population. That was the origin of workmen's tickets in Victorian times. Workmen's tickets lingered on over the century and lingered on until after the last war, but they have gone now from London and I think I am right in saying they have gone from practically all the provincial bus companies. This is another facet of the same idea, young people starting out in the world in days before wage structures were what they are now, where persons were deserving of some charity and assistance and the private railway company was given the task of affording them that assistance. But today in the 20th century and in the Welfare State that we live in if persons are in need of assistance surely the philosophy of our time is that the State should provide that assistance through one of its organs and not, as in this case, fellow travellers upon the same train. In my submission, there is no more justification for giving this reduced rate fare to these no doubt deserving young people than there is for giving it to the maimed, the blind, the old-age pensioner or any other class of the population. I shall accordingly be urging you, after you have heard the evidence, to say that this is a survival in the order which ought to be done away with. I believe I have finished, but I am not sure.

(President): You can have until Friday to make sure.

(Adjourned until Friday, 29th April at 10.30)

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FRIDAY, 29th APRIL, 1966

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Mr. G. E. AUDSEN represented the Association of Public Transport Users.

(Mr. Fay): May it please you, Sir: there is one short matter which I ought to mention in opening before I call my first witness Mr. Winchester in order to explain two matters arising on the Exhibits. It arises in connection with the costings exercise involving the allocation of the expenses of working through trains, that is trains which do not both begin and terminate within the London area. You recall that this is a matter which was dealt with in the Tribunal's judgment on the last occasion and in the reasons for decision dated 22nd January, 1965, at page 2, column 1, towards the top of the column.

(President): I do not seem to have that, Mr. Fay, will you read it?

(Mr. Fay): It is in the reasons in the British Railway's Application, the first paragraph, which reads as follows: "Mr. Goff made the point, although he agreed that the effect of it would be small, that the train miles apportionment was applied to other through trains only whereas it should have been applied also to the suburban through trains because insofar as London through trains operation outside London were dealt with on exactly the same principle as the other through trains, Mr. Goff submitted that it was a difference in degree but not in principle. Mr. Winchester on the other hand said that there was a difference in the quality and nature of the service, one service being mainly London and the other only accidentally London."

You will recall that Mr. Winchester's costings involved a division of those through trains into the ones which he termed suburban through trains, which were almost wholly London area and, in his estimation, would not be running but for the London area passengers, such trains as those stopping trains to Guildford, as to which the only station outside the London area is Guildford and which are put on to serve the stations up to Guildford with London passengers travelling by fast trains—that was one example

of the suburban through trains—and the other through trains are of the type of the London/Brighton trains, semi-fast which stop, for example, at one stop within the London area and, therefore, are capable of carrying, and do carry, small numbers of London area passengers.

I mention this because the Tribunal, about half-way down that same column, decided the controversy in favour of Mr. Goff's contention, saying: "We are of opinion that a primary apportionment by train miles and a secondary apportionment by passenger miles produces a fair result. Our only criticism of the Applicant's method is that they have not made the primary apportionment in respect of the suburban through trains as well as in respect of the other through trains. As Mr. Goff said, the effect of this upon the result may be small."

That is the point, and on this occasion it does not arise except as an academic matter; but I thought it only right to inform the Tribunal that Mr. Winchester, with deference to the Tribunal, is still of the opinion which he expressed that these are matters of costings experts forming a judgment in order to perform their costing allocation and his judgment remains, as he will say with deference to the Tribunal, the same. But for the purpose of this Application the Tribunal's view has been accepted, and it is with that reservation in Mr. Winchester's mind, together with the acceptance of the Tribunal's view, which accounts for two matters appearing in the tables, that is footnote (2) to Exhibit WW1 and the first line of WW3. The difference between the two methods, in fact, on this occasion produces a difference of £0.4m. and, as I say, because the Tribunal's view is accepted on this occasion the matter is academic; but it is, I suppose, conceivable that it might be wished to revive it in future, and it is only right I should make that point, at the same time explaining these matters.

I will now call Mr. Winchester.

Mr. WISHART INGRAM WINCHESTER, sworn

Examined by Mr. FAY

1. Are you Wishart Ingram Winchester, and are you the Director of Budgets of the British Railways' Board?—I am.

2. You are a member, are you not, of the Institute of Chartered Accountants of Scotland and a member of the Institute of Transport?—Yes.

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MR. WISHART INGRAM WINCHESTER

[Continued]

3. Your qualifications have many times been before the Tribunal. I forget how long it is since you succeeded Sir Reginald Wilson as the financial witness in these inquiries; it goes back some time now, I think.—Ten years at least, I think.

4. Let me come straight to your evidence. Firstly, what about the financial situation of British Railways as a whole? What is broadly the position?—British Railways are working at substantial deficit. The Accounts for 1965 showed a railway working deficit of £57m., and after taking into account surpluses on other activities and interest charges there was a total deficit for the Board of £121m.

5. That is in the year 1964?—Yes.

6. Of course the Accounts for 1965 have not yet been presented to Parliament, have they?—That is so.

7. Can you say, broadly without giving figures, whether the position will be much altered?—The position will be worse. The position has deteriorated between 1964 and 1965. On the other hand, in the estimates for the year 1966 that were published in the Civil Estimates they assume a reversal of the trend and that 1966 will show a slight improvement on 1964.

8. But there is no prospect of escaping from a working deficit, let alone an over-all deficit?—That is so. There will still be on these estimates a substantial working deficit in 1966.

9. Has that position been contributed to in a major degree by the increases in wage rates which have taken place in the last two years?—Yes. Since the Application to the Tribunal was heard in November, 1964, there have been increases in wages, or increases in wages have been promised, which will cost British Railways about £50m. in a full year.

10. That is over £1m. a week extra in wages alone since the last hearing?—Yes.

11. I will not ask you to go further into detail as regards British Railways as a whole, but you can deal with any detail on that aspect when you come to the London portion of it.—Yes, I think that would be more convenient.

12. Of course, British Railways as a whole includes all the freight services. What about the passenger services, can it be said that they are carrying the freight, or making a contribution?—No. It is estimated that about half the deficit on British Railways as a whole is attributable to the passenger services.

13. So on the whole it is clear they are not meeting their working expenses?—That is so.

14. With that preamble, may I now come straight to the London area position, and may we look at your first table Exhibit WW1. That is headed "Estimate of working results in a 'future year' of services for London area passengers."—Yes.

15. What is the future year for this purpose?—It is a year beginning about now. As far as receipts are concerned, it is broadly based on the 1966 budget. As far as expenses are concerned, where it has been necessary to be precise we started with the time-table which came into operation recently.

16. Beginning last week, I think.—18th April, yes.

17. Your first line is passenger receipts at pre-January 1966 charges, and you give a figure which you can take from Exhibit JP 5?—Yes.

18. That is one of Mr. Pentney's Exhibits and is the receipts forecast.—Yes, it is.

19. Would you observe in passing that the receipts, contrary to what was explained at the last Fares Inquiry, have not shown a buoyancy which was then apparent?—That is so. At the last Inquiry we assumed there would be a slight improvement as between 1964 and 1965 apart from the effect of fares increases. In the event, if you adjust for the fares increase, receipts fell between these two years by about £1m. There were special reasons which I think it is more convenient for Mr. Pentney to go into, but I think it is, on the whole, reasonable to assume, as we have, that despite this substantial fall between 1964 and 1965, 1966 will show a slight improvement on 1965.

20. As Mr. Pentney will say, there is a slight improvement assumed in the figures?—Yes.

21. Line 2 in your table is other receipts, £0.4m.—Yes.

22. I would like to take a little time on that. What are the items which are relevant?—They are the items of miscellaneous receipts shown under the heading of "Traffic Receipts." It is, perhaps, convenient to follow them through on the 1964 Accounts.

23. Where do they appear in the last published Accounts?—On page 13 of the last published Accounts.

24. That is page 13 of the second section.—That is so. The third item on that page is called "miscellaneous." The first two items are passenger and freight respectively, and then the third item is miscellaneous.

25. And we look and see which are the items. What are they?—It is the last three items on the table: letting of sites, premises and properties in operational use, commercial advertising and rail catering.

26. The exercise is, of course, to allocate a proper proportion of those receipts to the London passengers?—That is so, yes.

27. Would you indicate how you have gone about that for the purpose of arriving at your £0.4m.?—Well, the first step was to estimate the total net receipts arising in the London area from these matters, and these figures are set out on Exhibit WW 5.

28. May we turn to that. At this stage there is no estimation, these are actuals, are they?—There is a degree of estimation. There are elements of estimation, but they are substantially actual figures.

29. You are taking the geographical area of the London Passenger Transport area?—Yes.

30. And ascertaining what are the receipts?—Yes.

31. And you have done that as regards each of your four items on this table?—That is so, yes.

32. One sees you have two columns of figures. Would you explain the differentiation between the two?—Yes. The first column is the London terminal stations, the Victoria, Fenchurch Streets, and so on, and the others are the remaining stations throughout the area, the reason being that the user of the terminal stations has a large proportion of other passengers whereas at the other stations the main user is the London area passenger.

33. The principal user of the suburban station is the user who travels between the area and London Central.—Yes.

34. I suppose a handful use it to go on journeys in the other direction outside?—Yes.

35. But the main user will be in the commuting traffic?—Yes, or travelling between suburban stations.

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MR. WISNART (BORHAM WINCHESTER)

(Continued)

36. Whereas the London terminal stations, of course, are used by long-distance and outer suburban passengers as well as by the pure London passenger?—Yes, to a substantial degree.

37. How have you arrived at those figures?—I have dealt with each of these separately. The figures have been extracted either by special counts station by station or in some cases they were available. If we might deal with them group by group, the miscellaneous receipts have been specially ascertained.

38. I see you describe them in the table as cloakrooms, lavatories, car parks, etc. Are those then the main items of the miscellaneous receipts?—Yes, there is practically nothing else under that heading.

39. One sees they make a net loss.—Yes. As far as this heading is concerned, we do not normally estimate or account for the expenses relative to this heading of receipts, we had for the purpose of this exercise specially to extract not only the gross receipts in the year but also the working expenses relating to those receipts. A good deal of the information was available from the basic exercise we did for ascertaining the expenses of the passenger earnings, because in ascertaining these we had to set on one side expenses relative to this kind of receipt.

40. That is the miscellaneous traffic receipts. Is there anything you want to add on them before we pass on to letting of sites?—I do not think so.

41. Then letting of sites, which you describe as shops, kiosks, bookstalls, refreshment rooms, etc. Those are all on stations?—Yes.

42. How have you arrived at those?—Again we have extracted the figures of gross receipts. It was not considered feasible to specially extract the expenses in the London area and what we have done is to take the expenses in the same proportion as is known for the business as a whole. For the business as a whole we know the total gross receipts and total gross working expenses, and we have assumed the London working area proportion is the same as the total.

43. Then commercial advertising. Where do those figures come from?—There again the receipts were specially extracted and an estimate of the working expenses was made by specific reference to the London area.

44. And refreshment rooms?—As a matter of accounting the separate result of each refreshment room is ascertained each year.

45. As a net figure?—As a net figure, yes, subject to some arbitrary allocation of certain items of overhead expenses. So this is an actual accounting figure.

46. You describe it in WW 5 as "refreshment rooms," and I see in the Accounts the heading is "rail catering," Does that embrace the dining cars, and so forth, which, of course, do not enter into London?—That is so. The rail catering is made up of refreshment rooms and dining cars which are, in fact, shown separately in the Accounts.

47. That shows that your London terminal stations' total net receipts come to £600,000 and other stations to £140,000.—Yes.

48. Now one has to allocate a proper proportion of those figures to the London area passenger.—Yes.

49. How do you set about that?—There is no obvious method of knowing what the proportion would be. At the 1964 Inquiry we did have the London area figures separately but we had the figures for British Railways as a whole and I made an allocation based on passenger receipts.

50. You took the same proportion as the passenger receipts here to the total passengers?—That is so. On reflection I feel that that, perhaps, gives an undue weight to the non-London passenger who is paying, on average, a higher fare than the local London passenger. That then suggests that perhaps passenger journeys might be more appropriate, but that I do not feel is wholly appropriate because I think it is fair to assume that the non-London passenger uses these facilities, or is impressed by the advertising, in relation to his number of journeys rather more than the hurrying London commuter.

51. The man who is taking a train for Edinburgh is more likely to spend money on the bookstall than the commuter hurrying home.—I would think on the whole, yes. But having arrived at that view I am still faced with the difficulty that I have not in fact got reliable figures either of the receipts or the journeys of the non-London area passenger using these stations. However, it has been possible, by looking at the different categories of traffic separately, to arrive at a broad estimate, and in our view about one-third of the passengers using the London terminal stations are non-London area passengers—that of course includes not only the long-distance passenger but also all the people who are commuting into London from places just beyond the London area.

52. What might be called the outer-suburban passengers.—Yes. A very substantial proportion of British Railways' season ticket business, for example, consists of such people.

53. Perhaps "outer" suburban is not quite the right word, it is "further out" suburban, like the Brighton passenger.—Yes, and also, of course, the Guildford passenger and the Southend passenger, and so on. We have said, as a broad estimate, we think about one-third of these passengers would be non-London. On the other hand, going back to the gross receipts basis, the receipts they were contributing would be about twice as much as the London area passenger, so that gives you a choice between taking one-third for non-London or two-thirds for non-London, and I thought, as far as the terminal stations were concerned, the fairest thing was to split the difference and take half.

54. So out of your £600,000 you say approximately £300,000 at the terminals can be attributed to the London area passenger and ought to be considered as a financial benefit which they bring to themselves.—That is so.

55. What about the other stations?—As I have already said, the main part of the user of the non-terminal stations is by the London area passenger and, therefore, I have taken the majority of the figure for other stations as relating to the London area passenger.

56. If you took the whole it would be £140,000. So you would have approximately half of £600,000 and the whole of £140,000, making £440,000.—If we took that view, yes. But that obviously is not quite right, there is a user of these stations by the non-London passengers.

57. So the £140,000 falls to be diminished by something?—Yes, and I have rounded it down to £100,000.

58. Working to one place of decimals, that is your 60.4m. in WW 1?—That is so.

59. Then your WW 1 turns to the working expenses and examines the cost of movement at lines 4, 5 and 6 and terminal and documentation, track and signalling and general administration and overheads. May we look at those. What is the basis of the estimates of working expenses?—The basis of these estimates was first set out in WW 2 produced at the 1963 Inquiry. At the 1964 Inquiry we reproduced that document with some emendation, and on this occasion I have brought the thing up to date and produced a new WW 2, which is very substantially the same.

60. WW 2 is your written memorandum explaining the costing process which you have been through?—That is so.

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MR. WISBART (SOUTHAMPTON) WINCHESTER

[Continued]

61. This one is re-written for the purpose of the present Application?—Yes. It is very much the same, but there are changes.

62. Because it is writing and has been circulated I do not propose to take you through it, Mr. Winchester, but, of course, you are available to be cross-examined on any matter in it.—That is so.

63. Did you hear what I said in the Tribunal this morning about note No. 2 at the bottom of WW1?—Yes.

64. Did that accurately represent the present position?—That is so.

65. In other words, you still feel as you did?—I feel the method I used was the fairest.

66. But you have accepted the other approach for the purpose of your figures?—Yes.

67. Having arrived at your working expenses in the way explained in WW2, have you produced a table WW3 which is, as it were, the reconciliation of those figures with those previously presented on the last occasion?—I have, yes.

68. It is headed "Analysis of changes in working expenses as between WW1 of 1964 and WW1 of 1966."—Yes.

69. The first item is the point which we have just mentioned?—Yes.

70. Would you say a word about item 2, which is a minus figure. That is a saving, is it, in expenses?—Before we pass to that, would it be convenient to explain a matter of confusion which arose at the last Inquiry?

71. Yes, you are quite right. There was a matter which arose at the last Inquiry as to which you gave an answer and there was an attempt to put it right later on which was objected to by those representing the then London County Council and the matter was left in a somewhat unsatisfactory state. Would you deal with that, Mr. Winchester? I think it is page 22 of the last Inquiry.—It is Question 299, page 22, at the bottom of the first column.

72. You were being cross-examined by Mr. Goff, I think, at that stage.—Yes.

73. It is page 22, dated 24th November, 1964, Questions 299, 301 and 302. What do you want to say about the awkwardness of those Questions and Answers?—Well, the point trying to be established here was the fact by London and non-London passengers respectively of the other through trains and I asserted here (wrongly) to the proposition that as regards the other through trains there were more London than non-London area passengers using them in the London area. The facts are that within the London area, on average, about 40 per cent of the passenger miles in other through trains—that is long-distance through trains—are London passengers and about 60 per cent are non-London passengers.

74. I see that on page 123, column 1 in the middle of the column, I endeavoured, by rudely breaking into Mr. Goff's final speech, to correct what seemed to me clearly wrong, but it was thought the opportunity came too late. But whatever happened last time, what do you say the facts are now?—The fact is that as regards the other through trains within the London area about 40 per cent of the passengers are London and about 60 per cent are non-London. Just to complete the picture, as regards the suburban through trains about 80 per cent of the passengers are London and 20 per cent non-London, and combining the two, looking at the through trains as a whole, the proportions are more or less equal, about 50 per cent each.

75. I am glad you mentioned that. Now may we go to the second item of WW3, the minus £0.8m. That is a saving of £800,000 in expenditure, is it?—Yes.

76. Would you explain that?—The main source is a general reduction in the frequency of service and the size of the train in the off-peak. That is the main economy that we made since we were last here; it is particularly at week-ends that these reductions are taking place. In addition station costs have been reduced for this reason and for other reasons—and we find ways of reducing station costs—and we have also reduced track costs by increasing mechanisation, using mechanical devices for maintenance.

77. Is this affected in any way by the big engineering change of the period, the electrification into Euston?—That has very little net effect on the costs. The service is improved but at much the same cost as before.

78. That is your saving. Then in line 3 you come to a plus of £15m., which is described as general increase in wage rates in December, 1964.—Yes.

79. Will you say a word about that?—Yes. These were wage increases which were under negotiation and, in fact, on which we had made an offer when we were last before the Tribunal, and at a subsequent line in the Exhibit last time we put in a notional figure of £1m. towards this. But the reconciliation I am making is with the higher operation today so at this stage I have got to bring in the whole of the increases. It was a general increase in wage rates of staff. I think the great bulk of the staff got a 9 per cent increase.

80. That was that major increase. Then you have a sub-heading "subsequent changes effective not later than March 1966," and that is another £14m., is it?—Yes. There was a general increase in wages in October, 1965, and a further increase in salaries in January 1966 following the National Prices and Incomes Board's review. In addition the working week for most of the staff has been reduced from 42 hours to 40 hours with consequential increases in costs, and there has been an increase in annual holidays.

81. Then line 5 increases in national insurance and other staff costs, £0.3m. The national insurance increase is self-explanatory. What are the other staff costs?—There was a sick pay scheme for waged staff and the supplementation of pensions of retired staff, staff already retired.

82. Coming to line 6, increases in price levels, that is the increase in the cost of things you have to buy for operational purposes. What is the major item in that £0.5m.?—The main item is the cost of electric current, mainly the maximum demand charge. About half of what we pay for electric current for running the trains is the maximum demand element.

83. That is the current you buy from the Central Electricity Board?—Practically all our current is bought from the Central Electricity Board. Some is from London Transport, but the great bulk is from the Central Electricity Board. We pay so much per unit plus so much for the maximum demand at two stated half-hours each year—not stated in advance, two half hours ascertained during the year. This maximum demand charge is conditioned not only by our maximum demand but by the maximum demand for current as a whole, all other users.

84. The electricity industry is in the happy position of being able to charge extra for its peak loads.—Yes. I do not dissent from the theory of it!

85. And you have got to pay them for that but, of course, your peak is largely season ticket travellers, is it not?—Yes.

86. Then increase in general administration is the last item, and overheads apart from wage and price increases. How are those arrived at?—We have followed the same practice as we did last time. We looked first of all at British Railways as a whole and found for 1965 a relationship of administration and general overheads to the remaining expenses and I made a special calculation based

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[Continued]

on the experience of the Southern Region, and that showed a rather lower percentage. As a whole the percentage was 12 per cent—

87. Let me follow this. You have taken the administration and overheads of British Railways as a whole and expressed it as a percentage of the total working expenses.—Of all other working expenditure.

88. And you find it is 12 per cent.—Yes.

89. That is one percentage. That you could, of course, apply to the London area.—Yes. In fact that is what I did last time. Last time I took the experience of British Railways as a whole.

90. But in your efforts to be as precise as possible you went on to consider the Southern Region proportion separately?—Yes.

91. You had those figures, of course, produced by the Southern Region.—Yes.

92. How does that work out?—The Southern Region works out at 11 per cent instead of 12, and I have adopted that lower figure of 11 per cent. In other words, the figure for general administration and overheads shown at line 9 of WW1 is calculated by taking 11 per cent of the preceding items of expenses.

93. Would you explain to the Tribunal why you think the Southern Region is, perhaps, the better basis for arriving at the percentage to be applied rather than the whole of British Railways?—The nature of the operations of the Southern Region is much closer to those of London area passengers. Nearly 40 per cent of the Southern Region receipts consist of London area passengers, it is an important element in their operations, whereas if you take the remaining Regions' lines it is 5 per cent of their receipts which relates to London area passengers.

94. The rest being either freight or outside London passengers.—Yes.

95. Clearly operationally the Southern Region as a financial organ is in all cases comparable to the London region, which it is notionally aligned to.—Yes. The second reason I thought the Southern was better is because in fact the differences between the 12 per cent and the 11 per cent is almost wholly due to the different burden of redundancy payments for British Railways as a whole. We have major redundancy payments in 1965 but very little of that in fact relates to the Southern Region, and again I thought that was more typical of the London area passengers position.

96. Does that arise out of closing workshops?—Closing down workshops, even more to closing down lines, reducing freight operations. The only freight reducing operations are in various other parts of the country.

97. And the closure of lines is an outside London matter.—Yes.

98. If the difference is accounted for almost wholly by that one factor, it looks as though the balance is much the same throughout British Railways, inside or outside London and whether it is freight or passengers.—Yes. This is the same point I made last time. If I find the relation of general administration and overheads to other expenses is the same as for British Railways as a whole, I regard that as support for the general validity of the basis of what I did.

99. I daresay it will be pointed out that your 11 per cent which you have taken from your Southern Region sources compares with 10 per cent taken last time.—Yes.

100. Have you a comment upon that increase in percentage?—The increase in administration is, I thought, in line with general experience throughout business as a

whole, that as the equipment and the job becomes more complex management tends to form a larger proportion of the total costs.

101. Apart from the alteration in the method which you have adopted from the Tribunal's decision last time of applying the same calculation to the suburban through trains and to the other through trains, has there been any change in your approach or methods of costing?—There has not, except for one matter in relation to this particular question of administration, which I would like to touch on. In making calculations of general administration and overheads last time I included, as part of the general administration and overheads, the whole cost of miscellaneous expenses. On this occasion I have confined it to the publicity and the compensation element in miscellaneous expenses. I did make a bad point at the last inquiry in respect of the allocation of miscellaneous expenses which I think I ought to explain. It was in the course of cross-examination, Question 402. I justified the allocation of miscellaneous to London on the ground that it included an item of 20.3m. for interest on the rolling stock which is charged to us by London Transport. They provide through trains that are run over our lines and charge the cost of working the trains and the interest on the cost of the trains. What I said was and what I overlooked in making the point was, namely, that this interest is already included in the movement expenses higher up the total, so I was inadvertently claiming credit, if I may put it like that, twice. It was a "sporting argument" which was not valid, and it certainly does not assist on this occasion and I am leaving out the interest which still is contained in "miscellaneous," but I am not seeking to support the allocation to London on these grounds.

102. I do not think the word "miscellaneous" appears in your exhibits. It is part of what?—It appears on page 30 of the Accounts for 1964.

103. That is working expenses, railways?—Half-way down.

104. "Miscellaneous expenses" with four items in it?—Yes.

105. Which of those items do you say you have taken this time?—I have included in my general administration and overheads part of each one proportionate to London—the first two items "publicity" and "compensation," but not the other two.

106. There are two matters which you have not taken into account and which if taken into account would tend to show higher costs or expenditure. Would you like to mention those, because it is conceivable it may become more significant in the future?—There are two matters underlying the calculation of the movement cost where we have, for our purpose, changed the method of allocation between services, but we have not carried this change into the calculation of the expenses for the purpose of the London Area costings. The first is the maintenance of the Southern Region electrical multiple units. The basis hitherto used by the Region, and which we have used in these calculations, has been mainly related to mileage. We have apportioned between suburban stock and other stock in proportion to the mileage run. We have not, for this stock, got separate costings for the suburban as compared with the through stock, and for the purpose of the inquiry we have made this allocation on mileage. The technical people tell us now that mileage is not the most appropriate basis, and that, for reasons of repair and maintenance, which are in the main carried out at regular time intervals the suburban stock does a smaller mileage on the whole than the through trains, because its frequent stopping and starting has an effect on maintenance.

107. You mean a string of stops at each station in the London Area on each journey has brought about more wear and tear on those trains than the through mileage trains, such as the Brighton trains, with one stop?—That is so, and what we are now using domestically is to allocate the costs on time. Broadly speaking, each multiple unit gets the same allocation of maintenance costs.

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[Continued]

108. On time?—Rather than mileage.

109. That is what you are now doing for your own accounting purposes?—Yes, in the Region.

110. What is the result of that?—If we were to carry this new basis of calculation into our London Area costings, on WW1, it would increase the cost by about 20.4m.

111. To that extent you have erred against yourself?—When we come to a complete review, this is one of the things we shall want to do something about.

112. Is the other matter relating to the maximum demand charge for electricity which you have referred to?—Yes; for the purpose of the figures before us, we have spread the total cost of electricity over the various services in relation to the number of units consumed. We consider, and it is clear, that the suburban services with their much higher peak have a greater degree of responsibility for the maximum demand charge, and they ought to bear more than a mileage proportion charge per unit, and that the maximum mileage charge ought to be put more heavily on suburban trains. The present basis is to spread the total cost as a cost per unit.

113. You take the total cost of electricity and allocate so many units to the London passengers and so many to the rest?—Yes.

114. That you say is fair enough as regards the unit charge made by the Electricity Authority, but not as regards the maximum demand charge?—That is so.

115. What would be the effect if you rethought that one and allocated the maximum demand charge in accordance with its being "bumped up," if I may use the expression, by the London passenger?—We have not completed our investigations into this, but we think the effect would be to add about a quarter of a million pounds to the costs of London.

116. One other matter before I draw your attention to the detail of the table, and that is in Note 1. You say the estimate does not take account of increases in wage rates to be met on the 5th September, 1966. That is coming, is it?—Yes. As part of the general agreement under which wages were put up in October last and a shorter working week was brought in, we have agreed, from the 5th September, 1966, wages and salaries of all staff will be increased by 3½ per cent and the cost of that to the London Area in a full year will be about £0.7m.

117. That is not taken into account at all in this table?—That is so.

118. With WW1 in front of us, one sees your line 2, the result of your figures is, at pre-January of this year, wages, there was a margin of £2.1m, representing the excess of passenger receipts over working expenses?—Yes.

119. The working surplus, so to speak. Do you add in on your table the yield of the increases for which authority is sought?—Yes.

120. The two parts of those which came in under the Notice, and those which are further proposed, and do you take this from your colleagues, Mr. Pentney, on table PP5, which I shall ask about in due course?—Yes.

121. That adds another £2.1m. to the receipts?—Yes.

122. Giving you a margin of £4.2m. if this Application is approved in toto?—That is so.

123. That is before making any allocation to interest charges?—Yes.

124. May we go on to see how much of the interest burden of British Railways the London passengers ought fairly to bear?—Yes.

125. Have you a table relating to this matter?—Yes, WW4 sets it out.

126. This is a table in two separate parts, is it not? The first five lines deal with the whole of British Railways, and the remaining part with the London Area position?—Yes.

127. Would you explain the first half?—It is background, in the main. Item 1 is what we pay on the initial interest debt to the Minister—that is the debt with which we started. It is a figure which is rising slightly each year, because each year we have to repay a proportion of it, and because we still need the money, re-borrow it immediately at current rates of interest, and since the current rates of interest are higher than the rate borrowed, there is a slight increase each year. The second item is the deposit by Savings Banks, and so on, and these are liabilities, interest bearing liabilities, inherited by the Board and carrying over from the previous British Transport Commission in addition to the debt to the Minister.

128. That represents capital which has been lent to the Board by these Savings Banks and Superannuation Funds?—Yes.

129. You have been borrowing subsequently?—Yes, to meet the capital expenditure in excess of depreciation provisions and other sources of finance.

130. You deduct £1m. from the total as chargeable to capital account. Is that the interest on capital which has not yet fructified?—Yes, specific schemes for which we seek the authority of the Minister to charge capital, and this is almost entirely the London Midland electrification.

131. There is a provision in the Act which enables the Minister to authorise that, and he has done so?—Yes.

132. Coming over to the object of the present exercise, the London Area passenger proportion, what you are endeavouring to do, according to the table, is to find the active debt to the Minister and the subsequent borrowings, and to find interest on them attributable to the London passengers?—Yes.

133. How do you go about that?—At the previous Inquiry I produced a table setting out, scheme by scheme, the expenditure since the 1st January, 1956, and all schemes which affected the London Area. I started from the 1st January, 1956, because it is the basis on which the debt to the Minister was determined.

134. This is what the Minister has provided since that date, which is the active debt?—Yes.

135. And you allocate that to the schemes upon which this capital was spent?—Yes. I did not propose to reproduce that detailed exhibit on this occasion, but I have brought it up to date on a fairly broad basis. There are two main changes; the first is I have added in the London Midland electrification and Euston Station reconstruction insofar as they affect the London Area. The expenditure on those schemes was incurred over several years past, but was left out of all previous calculations because the interest was current, being charged to capital, but the charge has now come to an end, and it is proper to bring that scheme in to the previous list. The total cost of the schemes, insofar as they relate to the London Area, is £20m.

136. Within a geographical area of Euston Station of the electrification?—And the other suburban electrification, and the London Area passengers' proportion of that is calculated at £4m. on the same basis as we explained last time for allocating all such schemes.

137. That falls to be added to the capital which has to be serviced by the London passenger. Is there any other alteration in the table?—The amount on which we

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[Continued]

calculated interest must obviously be reduced by a further year's depreciation, which I have ascertained. I have also, without going into the matter in too much detail elucidated the mileage expenditure on items affecting the Area, and I find these two figures broadly offset each other. What I did was to take the £34.6m. or thereabouts, last time, and add £4m., to pay for the London Midland electrification, and arrive at £39m. shown on line 7 of WW 4.

138. Rounded to the nearest million?—Yes.

139. Having arrived at that as the capital which ought to be serviced by the London Area passenger, you apply the interest of 5.7 per cent. Why did you do that?—That is the average rate at which we shall be paying interest in 1966 insofar as it relates to the date at the 1st January, 1966. It is compounded of the opening debt which was originally put at 5.58 per cent, plus the additional increase in the rate of interest, which we have to re-pay and re-borrow, and you also have to take into consideration the interest on any fresh borrowings which we made. The average of all this is 5.7 per cent.

140. That is the interest on the debt to the Minister, and you add in interest on deposits at line 9. Those are the Savings Banks and the Superannuation Fund deposits, are they?—Yes, they are a due proportion of item 2.

141. But why the figure of 5 per cent?—As I said earlier, these deposits have been used to finance the undertakings generally in the past, partly to finance past capital expenditure and partly to finance working capital, and it is impossible now to identify what particular expenditures have been used to finance these things, but it is reasonable to assume that the London Area has had its share, and therefore I have had to make, as best I could, a broad calculation as to what would be a reasonable share for the London Area. What I have done is to estimate the total book value of the assets used for London Area passengers, and to relate that to the total book value of all the Board's assets, and that comes out at 5 per cent of the total. That can be tested.

142. That is the written-down value of the undertaking and the London Area is 5 per cent of the whole?—Yes, that is so. One can test it by the alternative of proportion pro rata to working expenses, and that would give 6 per cent. The working expenses of the London Area

152. May I have your general help in dealing with some of these matters. The fare increases of which you gave notice in January of this year were increases in line with those published at the same time, or about the same time, by London Transport?—Yes.

153. And they are intended to increase your revenue by £1.3m.?—Yes.

154. If I look at your Board's Written Case submitted in connection with this Application, I see that in paragraph 2 it is asserted that the grounds upon which the Notice was given were increases in costs, mainly wages—primarily wages?—Yes.

155. And, it is said, that would seriously affect your financial position, and that it would seem, justified the Board going forward under the Emergency Provisions in the Act. That is what you are saying there?—Are we discussing the Emergency Application? I thought we were discussing the Substantive Application?

156. I am discussing what you were saying in your Written Case supporting the Application, in the course of which, in paragraph 2, you gave the grounds upon which you gave the notice of increase of fares in January—and that is now up for confirmation?—Yes.

157. What you were saying there exclusively was that you were facing increases in costs—and wages is the only item which you mention?—Yes.

passengers are about 6 per cent of the working expenses of British Railways as a whole, and therefore 5 per cent looks a modest surcharge on London, a modest proportion to London.

143. You take 5 per cent of the total interest which, at line 2, is £12m., and that is £0.6m., and that, added to your previous figure, gives a total interest charge for the London Area passenger of £4m.?—Yes.

144. If we look back to WW1 one sees that that shows you have, on the basis on which it is calculated, £4.2m., so that you can just meet your interest and have £0.2m. over?—Yes, that is clearly less than we would like and it is clearly less than the Tribunal regarded, on the previous occasion, as adequate.

145. It is very narrow. How much is the wage increase coming in?—That is £0.7m.

146. As soon as that comes in you will be working at a deficit, if interest has to be paid?—Yes.

147. What do you say about £0.2m. as a surplus not likely to exist for very long. Are you happy about that?—Indeed no. In the first place it is less than the amount required to provide for depreciation at current prices, over and above the charge to historic cost, and that would cost about £4m. It gives no kind of margin for the other circumstances which could happen, including the one you mention, of the £0.7m. wages coming along shortly.

148. You would not regard this outcome as a satisfactory one?—I would not.

149. Though you seem to be better off than London Transport?—Yes, we are not quite so bad.

150. Perhaps British Railways are less unprofitable than buses at the present moment?—We have our own difficulties, of course.

151. But the traffic jams are of your own making?—Yes, and we can, to some extent, control them.

(Mr. Fay): Thank you.

Cross-examined by Mr. MOLLOY

158. But I accept there might be others as well, which would go to increase your outgoings?—Yes.

159. There is no reference there to any grounds of justification for the Notice arising from a fall in revenue?—No.

160. Has there been a fall in revenue?—Yes.

161. We will just weigh it up shortly. Would it be correct for me to say that the fall in revenue is in fact £1m.?—As between 1964 and 1965, it has been about a million. I think, if you make a comparison between expectations, which is probably relevant here, it is about the same figure.

162. So my figure of about a million is correct?—Yes.

163. If one looks forward in the Case to paragraph 4, you comment upon the effect of the Notice, and you say, in your last line just before paragraph 5, that these increases are estimated to produce a net yield to the Applicants of about £1m. in a future year. In fact that is the figure which is now reduced to £1.3m., is it not?—Yes.

164. If in fact there was a loss of revenue of the order of a million, can you tell me how that has escaped any reference in this document as a justification for the increase in fares?—The facts of the changes in revenue come to light gradually. We certainly would not be as positive in our knowledge of 1965 when this Written Case

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[Continued]

was produced, as we are now. In addition, there are other things which we did not mention—we did not mention economies. There are a whole number of offsetting factors.

165. I do not expect this to be a detailed analysis, such as your accounts provide and your exhibits in this case provide, of how to arrive at financial conclusions or prognoses, but you appreciate, under this procedure, you are entitled—subject to confirmation by the Tribunal—to go forward if you are having difficulties, either due to a loss of revenue or an increase in costs?—Yes.

166. The point I am putting to you for your comment is that on the figures which we have now got, it is evident in fact there has been a loss of revenue of the order of a million pounds when compared with expectations—of course there has been an increase in costs as well—but in this Written Case the loss of revenue escaped all mention.—May I just amplify that and say not only did we not know what the facts were as well as we know them now, but neither had we fully made up our minds as to the extent to which the trend was permanent—how far it was due to temporary factors and permanent factors. The detailed figures in support of the Application of this kind might evolve gradually as one looks with greater care at the facts.

167. But this document is dated the 3rd February, 1966.

168. (Mr. Fay): It is history; it is reciting the grounds, dated the 31st December, 1965.

(Mr. Molony): Yes, I accept that. Are you saying that in December, when this Statement was prepared, you were not aware of the loss of revenue that you were encountering as compared with the expectations of 1964? We were certainly not so fully aware as we are now. Our information on the London Area receipts, which is extracted especially for the purposes of this exercise (and were not figures which we are interested in, except for the purpose of Fares Applications) is not up to date, and probably the facts which we had available were probably two or three months old. We obviously knew that the revenues were not as good as we expected, but I think Mr. Pentney can deal with this better than I.

169. It is not easy for you to deal with it?—I am sorry; it is difficult to remember precisely what knowledge was available to one at a time in the past. My general observation is we were obviously much less clear in January, or December, as to what the effects were for 1965, and we were also much less clear as to the significance of the trend—whether wholly temporary or what the outlook was.

170. Did I hear you say in the course of a fairly long observation, you only take a close interest in your revenue for the purposes of these applications?—Of our London Area revenue. This is an artificial concept. We look very closely at our revenue generally, our total revenues and our revenue in significant flows, and types of traffic, but we do not have the detailed effect of the London Area until sometime after the event.

171. That is only because you do take the trouble to collect them, and that is part of the problem why they take so long.

172. I can appreciate the difficulty of working out expenses between the London Area and other places, but surely the receipts from the London area are pretty readily available and continuously available?—They are available. There is a necessity for broad extraction of particular flows of traffic to be defined, but it is pretty low in our priority for the clerks who extract that information on the time scale.

173. You only work out those figures closely and accurately when, and after, you have decided you want a fares increase. Is that it?—We work them out more closely and more accurately after that, yes.

174. Can you tell me, in December last when this document, your Written Case, was prepared, what was the view of those responsible for formulating this case as to the loss of revenue compared with 1964, which was being encountered?—I cannot tell you that without refreshing my memory from the facts as to what knowledge was available to us and what views we held at that date. I have agreed with you it is obvious the receipts were falling, but the extent of the fall and its permanence were matters I would not like, without notice, to say what our views were in December.

175. Whatever fall was known or believed to be at that time, it was not thought worthwhile to mention it in your Written Case in December?—It is not for me to decide what was to be in the Written Case, I am not responsible for the compilation of the Written Case.

176. But you were seeking, by that Notice, to increase, to pull in an extra amount of about £1.4m, which in fact you find now will only be £1.3m. You knew then, quite apart from increased costs, there was a loss of revenue also to be covered, as far as possible, which in itself amounts to a million?—Yes.

177. It does not look like very close budgeting, does it?—The fact we did not put it in to the Written Case is no evidence we knew nothing about it. I am not responsible, as I have said, for what is in the Written Case, except what is there is a reasonable estimate.

178. Something may be accurate by reason of what is left out, as well as what is not?—It is a matter of opinion, and it is not a matter on which I can usefully comment.

179. You would accept an obligation on behalf of the Board to state accurately and fairly the grounds upon which they are increasing fares, without any application to the Tribunal?—We gave adequate explanation; if there were supplementary explanations, I fail to see they were short of our duty.

180. You claim to have given adequate explanation, do you, although you made no mention at all of the lack of revenue?—It was sufficient.

181. That is your contention?—Really, I did not write the Written Case, and you are asking me to comment on it.

182. Then if you are not making any contentions, I will pass from it. I quite understand it may not be your responsibility, but if you are contending it is adequate, I may have to ask you more questions.—I think enough information is in this document to justify what we did.

183. You think so?—Yes.

184. You think it is perfectly all right that no mention should be made of the fact that an estimate in your accounts, so far as they could be anticipated, was not merely an increase in cost but a loss of revenue of a very great amount?—I think it is adequately explained; there are various other things which we did not mention, but which we explained enough to justify what we were doing.

185. What you were then doing was trying to raise extra revenue of £1.4m, but in fact of course what you were then doing was simply putting up your fares in order to assimilate them with the London Board?—We were doing both things. They are not alternatives.

186. And your position, you just told us, was not quite so bad as that of London Transport, but still pretty bad?—I now know what the London Transport position was then.

187. And presumably at an earlier point in time, you knew your position was getting bad in relation to the London Area, did you not?—I was satisfied—let me put

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it this way, I applied my mind to this question, that, when we came to the substantive Application, I would not have any difficulty in justifying what we were doing under the emergency procedure. What facts were in my mind then, I would have to look up. But I did satisfy myself we were not running ourselves into the position where, what we were doing, would prove in the event to be unjustified.

188. Did you have in your mind the fact there was a substantial loss of revenue as compared with your earlier anticipation?—I should think that is highly material.

189. Do you not know?—No, I cannot remember what happened six months ago.

190. It was you who personally decided that these increases should be brought into effect, in line with those of the London Transport?—No.

191. In the sense it was your advice to the Board that should be done?—No, I am sorry, may I put it this way: It was my duty to satisfy myself, from a financial point of view, that the proposals were justified. It is not for me to advise the Board what to do about it.

192. But you must have given advice in relation to these increases which were brought into operation in January?—I advised financially; that the financial case in support of such increases, as far as I could see at the time, would be fully adequate.

193. Would be fully adequate?—Would be adequate, yes.

194. How could they be "adequate" on the facts we now know, some of which must have been in your mind, that you were asking?—I am sorry; I think you misunderstood what I said. I did not say the increases would be adequate, but the financial justification for them would be adequate.

195. I see. Did you know an increase of £4.5m., which you were budgeting then for and which is now to be reduced, would be inadequate to meet the sum total of increases in expenses and loss of revenue?—That is not the sum total. There are economies to be taken into account. I had certain information, certain views at that time as to the various factors, one of which was increased costs, and one was loss of revenue, and one was economies. Therefore, how far what I am putting forward differed from the provisional views I then held I do not recollect, but the sum total of the facts, and the view I was able to form, was I did not anticipate I would find myself in difficulty in justifying what was being done.

196. We know what happened in January, and it is only subsequently to what happened in January you have closely examined the financial position and arrived at the information which you now provide to this Tribunal as your evidence in the case?—Yes.

197. And is it because the position works out at less favourably than you expected that you are asking for additional increases?—The additional increases, as far as I can recollect, were asked for some time ago. Again, I forget the exact timing of these various stages in the evolution of the Scheme, and of the financial evidence in support of it.

198. I do not know about it being asked for a long time ago, they are mentioned in your Case of the 3rd February. Was the matter not discussed before that?—Clearly it was, and what I have said about what we did in January is equally true of the proposals we made in February, and when these proposals were made, I was satisfied I could justify them financially.

199. But you still did not work out in close detail the assumptions and calculations which are not put in evidence to the Tribunal?—That is so. The working out in close detail of these things is a laborious and lengthy

matter; I should be doing nothing else if I were continuously working them out in detail. When it is necessary to come before the Tribunal we go to the trouble to make the figures as precise, accurate and reasoned as we can.

200. You seek further additional fare increases including the withdrawal of the concessionary fares to raise an extra £1m. That is what is said in your notice of January. Was that just a broad guess?—I am sorry: what is the reference?

201. It is in your board's document presented to the Tribunal, published to everybody else, in justification of your application.—Would you indicate where it appears?

202. You may find it in paragraph 6, towards the end.—What we say there is the total yield of the two sets of increases will be a little over £1m. per year.

203. Yes, and the yield of those increases will therefore be substantially the same as the increased costs referred to in paragraph 3 above?—Yes.

204. On which I do not think you have put a figure previously. There is still no mention of any loss of revenue?—That is so.

205. Of course when I look at the first additional fare increase which is mentioned in paragraph 5 (1), this is an increase which is not in line with London Transport charges; it is not an assimilation of your fares with theirs?—That is so.

206. It is an assimilation of your fares in the London area with the fares you charge for any journey on the railway system?—Yes.

207. Would you tell me for my personal information typical journeys which would be caught by this proposal?—You had better ask Mr. Pentney.

208. You have agreed with me that the loss of revenue which is not a feature of these calculations is of the order of £1m. I would like to seek your agreement as to the makeup of that total, because obviously it is to be abstracted from various figures. If one looks at WW1, item 15, margin available to meet interest and reserves, £4.2m. Am I right in thinking the corresponding figure in 1964 in the corresponding document was £5.2m.?—Yes.

209. So that is a £1m. deterioration on your revenue side?—It is compounded of a very large number of items. It so happens that the decline in the revenue is equal to the overall decline.

210. This of course is calculated after bringing the additional fare charges into account—those that operated prior to January, 1966, and those that you hope will operate from January, 1966, onwards; is it not right to say that in fact that difference of £1m., when one traces back and makes a comparison between WW1 for 1964 and this document for 1966, is to be explained by a loss of revenue either actually suffered or sustained in comparison with anticipation?—You could explain it by any of half a dozen or more items. This is one item which of itself is sufficient to explain the difference, but you cannot say it is the reason, or the main reason, or the most significant reason, or anything.

211. I suggest it is in fact the reason. Have you your 1964 WW1 figures to hand?—Yes.

212. Was the figure which, in 1964, corresponded with £37.2m., £36.3m.?—It was.

(President): Is that right?

213. (Mr. Molony): The other receipts should be omitted for the purpose of my calculation. (To the witness): £36.3m. is the passenger receipts?—Yes.

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[Continued]

214. Then as at 1964 were there calculations of increases to operate on 19th July, 1964, which were priced at £1.6m. and £0.2m.?—Yes.

215. They fell to be added in their total to £36.1m., making a total of £38.1m.?—Yes.

216. That is the figure one would expect to find as the figure of passenger receipts for the future year as of now?—If nothing else had changed.

217. I quite agree.—You would not expect nothing else to change.

218. Things do always change, and what in fact emerges is not a figure of £38.1m. but a figure of £37.2m.?—Yes.

219. And the reason why that difference comes to our notice is that you were anticipating an increase in traffic or traffic revenue, apart from the fares increase, of £0.4m.?—That is one of the reasons, yes; that is a fact.

220. That you call traffic trend, which you assumed to be upward?—Yes.

221. Was there not also another item included in these calculations which was called buoyancy?—I think that must have been another name for the same item.

222. I do not think so; I think it was another item: £0.8m.—I do not recollect it. Could you give me a reference?

223. Possibly this is for the next witness to deal with.—It is mainly his responsibility, yes.

224. He will be hearing all I am saying and his attention will be fastened on to it no doubt. It does not matter for the moment whether there was one item or two; your expectation for 1964 was that there would be an increase in passenger revenue, apart from any fares increase, of the order of £1m.?—Yes.

225. That did not happen?—That is so.

226. For general information, our interpretation of these matters is that your forecast of traffic revenue was

Cross-examined by Mr. MERRIS

235. One or two questions regarding this matter of receipts, about which you have just been asked. The figure of passenger receipts, you have agreed, is shown on your WW1 as being approximately £1m. less than previously; that is right, is it not?—If you allow for the effect of fares increases it is about £1m. less than the comparable figure a year ago.

236. And you did say just now that there were factors in that respect, some of which were permanent and some temporary; is that right?—It is.

237. Can you indicate whether or not some temporary effects with regard to revenue would follow for reasons relating to go-slows on the Southern Region and other labour troubles?—That is one of the temporary effects which justifies us in hoping for an improvement in the future.

238. I thought you might agree. You cannot, I suppose, give any figure?—I certainly cannot; I doubt whether Mr. Pentney can, but he will no doubt note what you are saying.

239. All you can say is one might hope that the figure in WW1 would be increased rather than decreased because of that factor?—I cannot accept that I can look at that factor in isolation—

240. But I was putting it to you in that way and saying that if we did take our £37.2m. and we did regard it as

revised upwards in October 1964 for buoyancy by a figure of £0.851m., and that was separate and apart from the upward trend of £0.4m. (but if you cannot help me over that, I dare say others can).—Mr. Pentney is noting what you say.

227. Are you budgeting for an improvement—a so-called buoyant trend—in traffic in the future year?—We are budgeting for an improvement. The assumption is a mixture of a variety of factors including the fact that we think some of the traffic declines in 1965 are temporary and also including the assumption that certain others are permanent. Mr. Pentney will deal with the reasons underlying these estimates.

228. I am asking only for facts at the moment.—I do not think we can assume we are anticipating buoyancy. The reason for the upward trend is that we think some of the adverse factors in 1965 were temporary.

229. Then you are budgeting for an upward trend?—Yes, I agreed with you. I was not using the word buoyancy.

230. Is the upward trend incorporated in the calculation of 0.3m.?—Yes.

231. So that although in the period 1964 your ideas as to upward trend or buoyancy in traffic revenue have not been realised and in fact there is a very substantial drop, it would seem in what you take in the booking offices you are still budgeting for an improved revenue which you attribute to the same sort of trend upwards?—It is not for the same reasons—

232. I have not mentioned any reasons at all.—You have given an attribution. We are assuming in these calculations that the improvement between 1965 and the future year will in money be the same as the improvement we assumed a year ago between 1964 and the future year.

233. That is not right on your own figures, is it: it was never £0.3m. earlier?—It was £0.37m. last time; it is £0.3m. now. It is of the same order.

234. That is what you are saying, although your earlier anticipation has not been realised?—That is so.

(Mr. Parker): No questions.

a factor in isolation, the £37.2m. would be increased rather than decreased?—I find it difficult to follow a meaningless assumption like that. This is one of the factors which enables us to take the optimistic view that we do in WW1.

241. I do not ever want to commence a debate with you where you might win, but I want to be clear about what this figure is. This figure is taken from JP5?—Yes.

242. This is based on your experience in 1965?—Yes.

243. Your experience in 1965 included certain factors which can be regarded as temporary?—Yes.

244. Including these factors relating to the go-slow and other labour troubles?—Yes.

245. We are agreed on that point?—Yes.

246. You cannot put any figure on that?—No, and I do not think Mr. Pentney can either (but you had better ask him).

247. Is there anything in your experience of 1965 which gives a lower revenue because of service reductions or withdrawals?—I do not think that is significant. Most of the service reductions have been at times of the day

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[Continued]

when there was not a great deal of traffic. There must be something in it, but what it is worth you had better ask Mr. Pentney.

248. It is another factor we have to take into account?—It is a factor to be taken into account, yes.

249. Would there be a loss of revenue due to bad time-keeping on commuter services in the South-Eastern Division of the Southern Region?—That probably affected the position too.

250. That, one might hope, would be a temporary factor again?—Yes.

251. The withdrawals of services of course follow your policy now of reducing the extent of the undermking?—The withdrawals in the London area are very little of that character; they are mainly reducing the frequency of the services rather than withdrawing services.

252. There has been some closures in the London area?—Yes.

253. In Kent?—I cannot remember when; a year or two ago, I think.

254. At any rate if you get reduced income because of closures, you hope to get reduced expenditure?—Yes.

255. So that what you lose in revenue is more than balanced in reduced expenditure?—That is always our hope, yet.

256. And this is in line with British Railways' policy of cutting down the size of the undertaking?—Yes; as far as the London area is concerned it is a fairly insignificant factor; there is not much room for cutting down the size of the undertaking in the London area.

257. It is a factor in any costs attributable on a pro rata or percentage basis?—I do not follow the point.

257a. If you have an undertaking outside London which is uneconomic and you are cutting it down and you divide up your costs as between the two areas, then that adversely affects London in any such calculations, does it not?—I can see some relevance as regards general administration and overheads. Is that what you are talking about?

258. Yes.—Not direct expenses.

259. Not in respect of passenger receipts so much as in regard to such things as overheads.—Insofar as you cannot immediately reduce your overheads as quickly as you do your direct expenses when you reduce the undertaking, there is something, certainly, in the point. I would say I am using, as the basis of spreading overheads, the Southern Region, where the withdrawals of services have not been so great in the London area as elsewhere.

260. I heard you say that, and I was endeavouring not to ask anything which has been dealt with in your previous answers to my learned friend; but can I take you, then, away from item 1, to item 7, which does deal with some of these costs with which we are concerned in relation to the London area. This has to be compared with the previous figures in 1964, which I am told are on page 125?—Yes.

261. If we take item 7, which is referred to in WW 1 in the previous inquiry at page 125, you see a figure for terminal and documentation at item 5 of that schedule, which was £5.9m., and is now £6.5m. at item 7 in WW 1 of this inquiry?—Yes.

262. I am told that is an increase of something over 10 per cent?—Yes, almost exactly 10 per cent.

263. Is there any reason why that substantial increase has occurred?—There has been a substantial increase in

wages. The great bulk of the costs included under this item are wages and salaries, and the wages of clerical staff have gone up by about 10 per cent, I think.

264. This is with regard to British Railways generally?—And in the London area. The rate of wages of clerical staff as between these two sets of figures has gone up by something approaching 10 per cent. The wages of wage-graders have gone up by a good deal more than that.

265. Are you saying that the reason for this difference is substantially wage increases?—Yes.

266. The next item is cost of track and signalling, which appears to have gone up by 9.10 per cent?—Yes.

267. Is that for the same reason?—The main cause of increase there is equally increased wages.

268. Now item 9, where we have an increase, of general administration and overheads; this appears to go up considerably more?—Yes.

269. Between 16 and 17 per cent?—Yes.

270. Is this again simply increases in wages?—No; about £0.3m. of the increase of £0.5m. is increase in wages and other costs; the remainder is the heavier incidence of administration and overheads as a proportion of other costs, as indicated in WW 3, item 7; that isolates the proportion of this increase which is not attributable to increases in wages and other prices.

271. This is the £0.2m. which you have referred to in item 7 on WW 3?—Yes.

272. This is the increase apart from wage and price increases?—Yes.

273. Does this mean there are more people engaged in the administration?—Does what mean . . . ?

274. The fact that there is a figure over and above actual wage increases.—Yes; I do not think the increase is significant, but my recollection is that there is a small increase in numbers on this kind of administrative work.

275. Does the increase in personnel apart from the increase in wages relate to a proportion of the whole?—It is not ascertained by reference to any survey of the London area as such?—No, I have no figures of the staff numbers carrying out administrative duties in London; I agree that any figures I would have would have to be for the business as a whole. I think for the business as a whole the administrative staff members have not changed in the same proportion as other staff; the other staff have fallen substantially. Depending on what period of comparison you use, the administrative staff have either stood still or fallen by a lesser proportion.

276. Now WW 2: in your paragraph 1 you have a reference to the charges to which the application relates, and you consider your receipts in respect of the London area?—Yes.

277. Is it correct to assume from this that the passenger receipts which are referred to in WW 1 and in the Exhibit JP 5 relate solely to journeys wholly within the area?—Yes.

278. Paragraph 3 is a paragraph which gets on to the question of expenses?—Yes.

279. And it deals, among other matters, with movement expenses, which include an item of shunting?—Yes.

280. Can you say how far this is divisible among these local trains, suburban through trains and other through trains?—I do not know exactly what there is in the figure for shunting. It will be a comparatively small figure in

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[Continued]

relation to the passenger services in the London area. The bulk of shunting is freight, and insofar as it relates to passengers it would be mainly relating to locomotive-hauled stock.

281. I wanted to ascertain how far this particular item had been brought into these figures, but you cannot say?—We do not do it that way; we do not take shunting and divide it up between in London and outside of London; we ascertain the total movement costs of each particular type of operation, and if there were no shunting involved there would be no shunting charge in that service; if there is some shunting involved, there will be a charge for shunting, but how much is in the London area costs as a whole would require an extensive investigation to ascertain; I think we would find very little at the end of the day.

282. In paragraph 4 you refer to depreciation?—Yes.

283. You say in the second sentence "The Board, in addition to providing depreciation for moveable (sic) assets such as Rolling Stock, also amortise expenditure on physically fixed assets such as bridges, signalling, station and other buildings." In your 1964 accounts (3a, page 20) you deal with this matter?—Yes.

284. Is it the board's practice to make provision for depreciation for all these assets?—For the assets shown on page 20, yes.

285. Do these items include locomotives and rolling stock built since 1955, or also the figures in respect of those of earlier date?—It includes all locomotives owned by the board which are not life-expired.

286. In your WW2 you say you follow the same procedure as for the main accounts?—As regards depreciation, yes.

287. So that you have presumably allowed this charge for these pre-1956 assets as you have for the post-1956 ones, as you have just indicated?—That is so.

288. Is there an amount which is obtainable in respect of this evaluation?—No, in calculating depreciation we do not have regard to whether it is pre-1956 or post-1956.

289. Then there is this reference to the charge for amortisation, or rather a charge in lieu of a charge for amortisation?—Yes.

290. Have you got this worked out as a charge for renewal of fixed assets in lieu of a charge for amortisation for 1965, 1964 and 1963?—No, this calculation, which includes a charge for renewals, is done in great detail. For example, for track it would be done for each section of track, which has been separately costed; we have not got it added together as a total figure.

291. Does it appear somewhere in WW4, either in 1964 or now?—Not WW4. You mean WW1?

292. Where will it be in WW1?—It will form part of the various headings—mainly in track and signalling costs, although there will also be something in terminal costs.

293. And you cannot separate these items?—I do not know the figures separately, no.

294. In WW4 for 1964, on page 128 of the previous transcript, on that occasion we had a series of works described, did we not?—Yes.

295. One about which I am to ask you is shown at the end of the table: reconstruction of Grosvenor Bridge, Victoria, Southern Region. In your WW2 now in paragraph 4 you refer to reasonable charges for renewals;

is this one of them?—I am not very sure about this. I imagine there will be something in for this kind of asset, for renewal, but I would like to look at that.

296. You appreciate that where you have shown, finally, the London area passenger proportion of these costs, both in this WW4 and of course in the one you have produced on this occasion; it becomes a question of how much is to be charged against the London passengers in respect of some of these matters.—I think I see your point. You suggest that if I make a provision for renewal of this asset, I ought not to charge interest on its reconstruction; its reconstruction is not wholly a renewal. I get the point; I would like to look at it.

297. Now can I turn to paragraph 12 of WW2. You say "In the case of through services, tests have been undertaken to establish the use made of all through trains by Area passengers and other passengers over sample periods. This has been expressed in passenger miles and has been used to share the movement expenses of the trains." There you refer to tests?—Yes.

298. Can you tell us when these tests were made?—In 1963 for the most part.

299. These are the old tests?—Yes; where there had been a substantial change in circumstances you would do it afresh, but for the most part this is the 1963 test.

300. What is put, which I am to put to you, is that there has been a considerable growth in recent years in the season ticket traffic from the dormitory area, and this would have an effect in respect of your evaluation, would it not?—It could have; it would not necessarily have. It depends whether the character of the traffic has changed.

301. But if it has not been tested since 1963, then whatever the factor is, it has not been taken into account?—No, it has not been taken into account. What the effect would be if it were re-counted, I do not know.

302. And in paragraph 13 there is a change of heart on the part of the board, or a grudging admission, or how should I put it?—You put it in your own way. It is that we are not pursuing it on this occasion.

303. In any event there is a change in the method of calculation?—Yes, we have accepted the Tribunal's view.

304. Paragraph 14 says: "The circumstances of the 'other through trains' are not, in the view of the Board, the same and it is therefore not appropriate to treat the train as a single unit throughout its journey. Accordingly the expenses of each service between extreme stops within the Area were first estimated pro-rata to train mileage and this figure was then allocated between Area and non-area passengers pro-rata to passenger miles." With regard to this item, am I right that on the Southern Region in particular there are quite a number of through trains which are split into two portions in the course of their journey?—Yes.

305. Can you say how the cost of this type of train is allocated?—I do not remember the mechanics of it.

306. If it was done on the total train mileage of the two halves, would not this be unfair to any calculation in respect of London's share?—It is obviously a factor which has to be taken into account. How it is done I would like to ascertain.

307. If you have a passenger travelling wholly within the area, he is not concerned with the train once it goes outside the area, is he?—That is true, yes, but I do not quite get the point of it.

(Adjourned for a short time)

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[Continued]

308. (Mr. Mercer): Mr. Winchester, this morning we were dealing with your second Exhibit, WW2, and you may remember you were referring to through trains in two portions. You remember that?—Yes.

309. I am asked to ask you this: Is it not correct that some of these trains include the following: Waterloo to Reading and Aldershot, which splits at Asok; Waterloo to Alton and Portsmouth, slow, which I am told splits at Woking; three groups of trains from Charing Cross, one to Sheerness and Maidstone splitting, I am told, at Stour, a second group to Dover via Asen, which splits at Tonbridge, and a third group to Hastings via Tonbridge which splits at Tonbridge Wells; and these are two further groups from Victoria, one to Dover and Ramsgate via Bromley, which apparently splits at Gillingham, and the other to Ashford and Sheerness which splits at Swanley. You may remember this morning, in replying to my learned friend, you did speak about the cost of electric current?—Yes.

310. And you mentioned this question of the cost of trains which stop at a number of stations in the area as compared with those which stop at only a few stations in the area?—Yes.

311. The position is, is it not, that with the other through trains they normally stop at only a few stations in the area?—Yes.

312. And they have considerable runs at higher speeds than suburban local trains?—Yes.

313. Does that not mean the cost per mile is appreciably less than the local trains?—I would have thought that likely, yes.

314. Are not these all factors which make the cost of the other through trains more expensive on your calculation?—I am sorry, but if we allow (which you suggest we ought) for the probably lower cost of the electric current per mile by the through trains, I would have thought they would have been cheaper.

315. What I am putting to you is if you have not allowed for that factor in relation to trains which only stop at a few stations in the area, then you are really loading this calculation against the London passengers.—If we have not allowed for it, which I am not admitting, then we are loading.

316. Could I turn to paragraph 19, which deals with terminal and documentation expenses?—Yes.

317. You do refer here to the stations in respect of which tests were made. You say: "The sharing of the passenger expenses between area and other passengers under the three headings was undertaken individually for each of the stations using the following statistical bases," and so forth?—Yes.

318. This calculation relates, I believe, to 520 stations in the area, does it not?—That would be about right.

319. Was it a sharing of passenger expenses between area and other passengers at each of these stations, or only at the 5 per cent mentioned in paragraph 18? In other words, was it a whole test or just a spot test?—The test carried out in 19 related to all the stations. The 5 per cent only relates to the additional cost of, I think it is, maintenance, that kind of thing, where it was a restricted number of stations.

320. Reconsidering this matter now, would it not have been more equitable to make an allocation simply on the number of stops of given trains?—I do not think it would have made a significant difference, but we pick what we consider to be the most equitable basis for each type of expense.

321. You consider it equitable to do it in relation to the particular type of train?—We adopt a different method

for each of the three main headings of expense. It is nothing to do with the type of train.

322. Or the number of stops?—Well, the passenger handling is done on the number of stops.

323. That is all, is it?—The others are done on the bases indicated.

324. Then can we turn to paragraph 22, which is the last paragraph but one of this treatise, which deals with matters of track and signalling. Here you refer to the fact that "So far as the joint tracks are concerned, an additional estimate was made of the expenses which would be incurred if there were no passenger traffic on the lines but the same total volume of traffic, measured in gross ton-miles (for track) and train miles (for signalling), continued to pass. The difference between this estimate and the present expenses of maintaining and operating the track and signalling has been treated as specific to passenger; the balance has been dealt with as joint." In considering these matters you have regard, presumably, to the differences between the character of the lines in the London area and outside London, or the character of use of the lines, shall I say, is that right?—I do not quite get the point. This same exercise is appropriate whether the track is in London or out of London.

325. What about the position so far as the freight trains are concerned?—What kind of freight train was considered in relation to this exercise?—Whatever freight traffic was passing on these lines.

326. All traffic?—If it were passing, yes.

327. It would include slow trains, fast freight, liner train, and so on?—If relevant to this particular case.

328. You took them all into separate consideration?—We would take into consideration the particular section of line and whatever was appropriate to that section of line.

329. If you have goods trains which are restricted by the existing stock of goods wagons and unable to stand up to higher speeds, do you take that into consideration, or was a very general estimate made of these matters?—The estimate was made by the technical people. With what precision they were able separately to evaluate all the factors you are mentioning, I would not know. I would think it would have to be generalized to some extent.

330. It would?—I would expect so.

331. If I did want to go back to a question which was asked you before on WW1 and WW2. In WW2, paragraph 1, you refer in your second sentence to: "Broadly movement corresponds to the published accounts, main, train working and shunting, plus administration of maintenance included therein" and in WW1 you have shown general administration and overheads as £3.5m, have you not?—Yes.

332. If you charge this £3.5m. as a proportion of the £35.5m. or as £3.5m. on £32m. as the case might be, subtracting the one from the other, you get a proportion, as I put to you before, of about 10 or 31 per cent; is that not so?—10 per cent.

333. In this method of calculation it is a case of charging administration on administration, is it not?—The movement expenses and the track expenses would include the administration of maintenance. The basic calculation of the 11 per cent. derives from the same procedure, some part of the general administration could well be administering engineering administration, so insofar as there is any vice in it, it is a vice in the original calculation which is repeated and its application does not affect the answer.

334. You think this method of calculation is appropriate in trying to get a proper allocation for the London area?—Yes.

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[Continued]

335. That is your view?—Yes.

336. I am asked to refer you, before we leave WW 1 and WW 2, to the Accounts for 1964, page 31. You see half-way down the page, under the heading "Administration and general expenses" you get this sum of engineering maintenance expenses and other expenses, which over to the right-hand side comes out to a figure of £12.9m. ?—Yes.

337. Does this correspond to the administration of maintenance?—This is the administration of maintenance, yes.

338. That is the figure that is relevant?—Well, it would only be a very small part of that which relates to movement, but that is the administration of maintenance which is included in the other expenses and not in the administration expenses for the purpose of calculating the percentage, the 11 per cent. The form of the calculation was set out in an Exhibit put in on the last occasion, Exhibit WW 5 at page 129 of the transcript last time. That shows that we started from the 1963 counterpart of this table we are talking about, excluded engineering administration from the costing definition of administration and general overheads and, therefore, we are not charging this one twice, if that is what you are coming to.

339. You are not?—No.

340. Have you evaluated how much of this item is in respect of the area?—Which item?

341. This £12.9m. ?—No, I would not know it as a separate figure.

342. WW 3 deals with the analysis of changes in working expenses?—Yes.

343. Your first item deals with the change in method adopted for apportioning expenses of suburban through trains to that used for other through trains?—Yes.

344. And this arises, does it, following what was the London County Council's objection to the previous method of apportionment?—Yes, that is so.

345. Does that mean that, with reservations, you have accepted their principle?—No. I said I had adopted it.

346. Adopted it but not accepted it?—I have adopted the Tribunal's acceptance. The Tribunal accepted it and I have used it on this occasion.

347. Item 2 deals with the changes in services, station and other economies, etc., which are shown at £0.8m. ?—Yes.

348. Can you tell us what changes in services, broadly, were effected?—Not in detail.

349. I said "broadly," Mr. Winchester—The main changes in services are a general reduction in the off-peak services in the size of trains.

350. Are you able to give any separate figures for these three items? You have shown them as changes in (1) services, (2) station economies, and (3) other economies. Are you able to give figures for those?—Broadly. That £0.8m. can be divided as to £0.5m. movement, £0.2m. terminal, and £0.1 track.

351. How did you come to use this terminology "services," "station" and "other" economies? Does "other economies" mean track and nothing else, for example?—Yes, the track is the main "other" element. I think that is fair; "other economies" are track economies.

352. And movement is what you call "services"?—Yes, except that some of the station economies arise from the changes in services.

353. What do you mean by that?—If you have fewer trains in the off-peak you can make consequential economies at the stations.

354. In any case you divide up those figures in that way and you get that £0.8m. by the addition of items of £0.5m., £0.2m. and £0.1m.—Yes.

355. Then in item 3 you show the increase in wage rates of £1.5m. Are you able to say, in respect first of the December, 1964 increase, what that cost so far as British Railways as a whole are concerned?—About £25m.

356. Do you have a figure for the number of employees who would be entitled to that amount?—We publish numbers of staff in our accounts, and it would be whatever is the current equivalent or the equivalent at the appropriate time of the numbers shown.

357. Would you have the figures for British Railways' employees in the London area who are covered by that?—No, we have not attempted to do that. For one reason you would have to split it up into bits of employees.

358. So the £1.5m. is a proportion, is it?—It is the detailed estimate made by the costing people in the Regions in relation to the individual services concerned, or the groups of services concerned. It is not just a figure out of the air, it is done in some detail.

359. But it is not a figure which is found by multiplying up employees to give you £1.5m. ?—No.

360. Then you refer to subsequent changes effective not later than March, 1965. Have you a figure, again, for the cost to British Railways as a whole?—Yes, it would again be about £25m.

361. The same people would be affected, presumably, in this case?—Yes.

362. Is it anticipated there will be a reduction in the number of hours worked per week as a result of these awards?—Yes.

363. Do you know what that would amount to?—No. The estimate of the cost of the shorter working week takes into account all the changes expected to occur. It represents a good deal less than the equivalent of the deduction from 42 hours to 40. It would not cost us the full arithmetical equivalent.

364. You cannot take this £1.5m. and say "Well, so much was in respect of wage rates, so much in respect of annual holidays and so much in respect of the reduction of the working week"?—I can give you a broad allocation: about half would be wage rates, perhaps £0.1m. for the additional holidays, and the rest for the shorter working week.

365. The holidays did not absorb a very large proportion of the whole?—No.

366. Item 5 deals with increases in national insurance and other staff costs, £0.3m. Here again we are referring to items which have been added up?—Yes.

367. Are you able to say how much is in respect of each?—Yes. Nearly £0.2m. is the national insurance, and the rest is about equally the sick pay scheme and the pensions.

368. Presumably this is, again, a figure which has been arrived at on the same basis as the other figures. In other words, it is not a figure that you have multiplied by a given number of employees?—No.

369. Finally on this table we have this line "increase in general administration and overheads apart from wage and price increases." If we take this figure as it stands and if not knowing the facts, we assume that pay will be £1,000 a year, this would mean an extra 200 people, would it not?—Yes.

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[Continued]

370. Does this mean that something like that number of additional people has been employed by the Board in this area?—I have not done that calculation.

371. This is a figure which is apart from wage and price increases, is it not?—Yes.

372. Therefore it is a substantial increase.—Well, it is 2 on 33.

373. Even in the London area there have been some reductions, have there not, in services?—Whether you can reduce the administration if you reduce the frequency of the service I doubt.

374. At any rate, you cannot tell us how this figure relates to numbers of employees?—No, I have not attempted to approach it in that way.

375. Before I leave this table, if I can go back in my tracks to the previous item, which was the increase in price levels, £0.5m., are these increases in prices in respect of items not included in the items in lines 4 to 9 of WW 1?—They are part of the items appearing in items 4 to 9 of WW 1.

376. Can you say what main items are concerned, or are you able to split the £0.5m. up at all?—The main element is this increase in maximum demand charge for electricity; that accounts for about £0.4m. out of the £0.5m. I do not say I have identified all the items precisely, there are some ups and some downs, but that is the largest single element. The only other element of any consequence that I have identified is expenditure on maintenance of electrical multiple units in the Eastern Region which are now coming near the peak time for maintenance. As a vehicle gets older it starts to come in for its overhauls. With a young fleet your maintenance is abnormal and you expect it to rise, and the maintenance has risen.

377. You remember on this point your passing shot, if I may presume to put it that way, at the season ticket travellers this morning with regard to this question of the electrical costs.—At the peak travellers, yes.

378. Before we leave this, is it not true that in respect of these trains you do get more income, more revenue?—Oh, yes.

379. The fact the traveller gets the discomfort of being squeezed up in the seats and standing in the corridor does not mean you get less per train, you get substantially more per train than in respect of the off-peak trains?—I would expect so, yes.

380. Can I turn to WD 4 now. This is dealing with the estimate of interest liability in a future year?—Yes.

381. What those instructing me would like to know in order to deal with their objection on this part of the matter is: how much of the interest charge given is in respect of the payment of the capital debt which is referred to in the directive given by the Minister of Transport referred to in the Report for 1964 at page 74?—I think I have given this information this morning. It is one of the last long series of figures.

382. I am sorry, I do not want to repeat any questions which have been put. In any case, was a direction given on the 21st December, 1964?—Yes, that is one of the directions—at least, I take it from you. We are subject to directions.

383. Have there been any charges made to the London area in respect of these?—Well, the figure of £5.7m. in line 8 takes into account the effect of this direction and the corresponding direction a year later.

384. In WW 4 the first item is an item on initial interest-bearing debt to the Minister of Transport?—Yes.

385. Has this not gone up from £48m. to £49m.?—It has been rounded up in that way, yes.

386. Is that for the reason you referred to this morning?—It has gone up because of the Minister's direction.

387. This is a sort of re-borrowing, is it?—Yes.

388. Can you say whether the amount of the interest-bearing debt has increased?—Yes. These figures, of course, are rounded figures. It has not gone up by £1m. It was shown as £48m. last year and it is shown as £49m. this year, but in fact the figure is slightly less than £48m., and if one is producing a document rounded to the nearest million one makes the rounding so that the thing adds up.

389. There is an increase in the interest rate, is there not?—Yes.

390. It is now 6½ per cent?—It varies considerably every now borrowing. Every new, fresh borrowing is at a different rate of interest, or at least it is at the current Government rate for borrowing. It is compounded of all the items I gave you in the letter which was handed in this morning.

391. Item 2 is an item in respect of the deposits by Savings Banks and Superannuation Funds and provision for retirement benefits. Have you any figure for deposits by Savings Banks in British Railways' Accounts at the end of 1965?—You mean the capital value?

392. Yes, for these three items.—The figure for these three items at 31st December, 1965, was almost £311m.

393. Can you say how it is split up?—Yes. Savings Banks £40m., Superannuation Funds £157m., retirement benefit provision £114m.

394. Then I would like to refer to item 8, where you show interest at 5.7 per cent. This is a figure which is found by approximation over several rates; is that right?—That is in fact a weighted average of the various rates.

395. It was 5.58 per cent, was it not?—Last time I took 5.58, which was the rate payable at that date. I did not bother last time adjusting it because the adjustment was too small, but the effect of the repayments and the new borrowings has been such that I thought it was time it was brought up to date.

396. Would the correct figure for the rounding up be about 5.64 per cent?—No. If you want to take it another decimal place it is 5.69.

397. So we are 0.045 at variance on it?—Indeed you are saying 5.64, which was based on the erroneous calculation in the letter you sent me in the middle of last week. You have got the revised figures in the letter I have given you this morning.

398. Very well, if you have given it to me already.—I hope I have, and I hope I have satisfied you.

399. Then we do not want to waste time, Mr. Winchester. WW 5 refers to other receipts relative to London area passengers.—Yes.

400. These cover a number of items and I am asked to enquire whether the items listed here cover receipts from the three following groups of properties: firstly, arches under railway tracks on lines like the South-eastern Division of the Southern Region and also on the South-western Region; (2) the letting of land adjacent to railway tracks which now carry passenger trains, and (3) properties built over railway tracks. Can you assist us to see if we can get some further money for London in respect of those items?—I doubt if any of them are. There might a small amount in for some, but in general the answer is no. This is only money earned because of the presence of passengers.

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[Continued]

401. You know that in regard to London Transport that the profits from the letting of non-operational land is brought into account in judging the profitability of the organisation?—Yes, because in the case of London Transport, you are looking at the business as a whole. Here we are taking up the London area passenger as a separate item.

402. We are to assimilate them for the purposes of charging the London area passengers, but not to assimilate them for the purposes of evaluating what ought to be a proper contribution?—I do not accept the parallel.

403. Then we have certain miscellaneous traffic receipts and in these miscellaneous traffic receipts can you say how much revenue for London terminal stations comes from at least four items, cloakrooms, car parks, lavatories and other items?—You have almost entirely exhausted the list. You want them separately?

404. Can you give the others?—The London terminal cloakrooms, cycle storage and lost property, £189,000; baths and lavatories, £47,000; car parking, £4,000.

405. Are there any other items?—No.

406. Do you know how many stations in that area have car parks?—You mean terminal stations?

407. In the London area?—I do not know.

408. Have you any scale of charges for the parking of cars and bicycles in the London area?—I am not really expert on this. I would have thought car parking charges would vary from station to station.

409. That does not come under your jurisdiction?—No.

410. Now commercial advertising—this is still on one of your exhibits. These figures include nothing for the sites of the advertising or sites on the side of bridges or buildings?—No, they are, as far as possible, confined to receipts from sites seen by the passenger.

411. If not seen by the passenger, it does not go to the credit of the London area?—That is the objective, yes.

412. I am told the working expenses appear to be 62½ per cent of the gross receipts. Is that right?—For commercial advertising?

413. Yes—Yes, it is at London terminal stations.

414. You agree that is not a very high figure?—I am sorry; I am not quite sure—.

415. The working expenses in relation to receipts are so high, does it not show a margin for reduction of expenditure?—I am not really expert on the particular conditions under which these advertisements are looked at, but I should imagine it is a rather expensive business to deal with.

416. There is no other witness to deal with this exhibit?—No. I have taken the advice of the expert, and if you want me to go into the detail of the operation, I shall have to find out.

417. Perhaps you might know something more about refreshment rooms?—I presume this is something we all take more interest in. Do you know the net receipts from the refreshment room at each of the London termini?—I do.

418. Are you able to give that figure?—Station by station?

419. Whichever way you have them for your purposes.—I have got them; I can read out a list of 30 stations, if this really is relevant.

420. Do you group them in any particular way?—No, I have a list of London terminal stations, with a note station by station of the receipts.

421. I suppose that could be obtained if required. You need not read them out now, if I know they are available?—They are available.

422. What I am putting to you is that you get terminals, such as Charing Cross, Fenchurch Street, Marylebone and London Bridge, Waterloo (Eastern) and Victoria, which are more of a suburban nature than, say, Paddington, Euston or King's Cross. May I take it you do not divide them up into any such classes?—No, I have taken them globally, and the division is sufficient by and large. Anyway, I did not see the point of trying to analyse them in that way.

423. What sort of formula did you use?—I told you I took half of this group of receipts as a whole.

424. And so —?—If I were looking at refreshment rooms in isolation, I would be reluctant to give half to London area passengers, but, taking the whole thing together, I thought it was not unreasonable.

425. That is what you were telling us this morning?—Yes.

426. In that figure which you referred to this morning, do I take it there are not any receipts in respect of refreshment rooms in places such as Croydon, East Croydon, Kew Gardens, Kingston, and so on?—East Croydon; there are no receipts. In other places there are no losses; as near as can be the thing is neither a profit nor a loss.

427. There were increased charges, were there not?—I am told that coffee has gone up from 10d. to 1s. 6d.—I have not taken the latest figures. I have, on advice, taken the figures for 1964 which were better than the figures for 1965, in the hope that 1966 will be back to the 1964 level.

428. But the fact that coffee has gone up —?—Yes, that is one of the reasons why I have assumed the decline which took place between 1964 and 1965 will be reversed and that 1966 will be as good as 1964.

429. Do you think there is a passenger resistance to coffee, as well?—This is not relevant to my reply, but it could well be, if you put the price of anything up, you sell less, I would have thought.

430. And if you do not improve the coffee, that does not help, does it?—Quality counts, I suppose!

431. Have any steps been taken by British Railways to encourage the use of London area refreshment rooms by London passengers? You see, you have housewives who come up for the day, shopping in the late morning, and they like to have lunch at the station, if it is attractive enough, but if the sandwiches are yesterday's or early in the morning, and the coffee is not at all it should be, then they would soon battle down Oxford Street. Have any particular steps been taken in this regard?—I would have thought the quality of the refreshment rooms in the London terminal stations has risen quite substantially in the last few years. There is a limit to what you can afford to spend in improving quality. The better the service you give, the more it costs.

432. There is scope for publicity in respect of what you suggest have been the improvements. Is there no room in the new timetables for publicity of these facilities?—This is getting a far cry from London fares, but we will note your suggestion with interest.

433.—I am putting it to you, that this is part of your income from the London area?—If we can improve it, we shall certainly consider any suggestion for improving our receipts, and will follow that one up.

(Mr. Parker): I have no questions, Sir.

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[Continued]

(President): Is Mr. Auden here, or Mr. Ruler? There seems to be no other cross-examination.

(Mr. Mercer): Might I be allowed to put to Mr. Winchester just this one matter, Sir? I have not put to him the exhibits which it would be proposed to offer on behalf of the Association. They have been seen by British Railways, and I would simply put it as a global question, I think, in fairness to Mr. Winchester, in case he wished to say anything on them.

(Mr. Fay): He does, and I was going to ask that, Sir, because we have been having almost daily correspondence with Mr. Mercer's clients, and I have in my hand two letters, dated the 23rd April, asking for further information, one of them containing questions which my learned friend has just put, rightly, except now that the Inquiry has started one would have thought it should not be done by correspondence. The other letter says: "We are instructing Counsel to examine in depth on this matter"—a matter which I do not think my learned friend has touched upon. I do not want to say to my learned friend and his clients now that the Inquiry has started we feel it is inappropriate that cross-examination should be conducted by correspondence, but we prefer Mr. Winchester to deal with these matters from the witness chair.

We have been given voluminous information and we have been checking the calculations, of I think it is, 18 different tables, many sub-divided into ten or more sheets which my learned friend has just referred to, and if indeed he intends to use them—and they seem related only to Mr. Winchester's province—I would suggest he put them to Mr. Winchester, because I think Mr. Winchester has some comments to make on them.

(Mr. Mercer): I was intending in my question to save time; I did put that to Mr. Winchester. Might I deal with the points as they arise in respect of those exhibits in the way he would prefer, rather than I should go through them individually insofar as, in any event, they have been dealt with by British Railways, and I understand the figures have been corrected. I do not know about this correspondence to which my learned friend refers; I agree with him, that at this stage it would no doubt be better to have these matters dealt with by question and answer, but you know, Sir, it does save a great deal of time if matters can be got rid of in the course of correspondence beforehand.

(President): But correspondence at this stage is not helping us very much; we have to rely on what we hear in the Inquiry.

(Mr. Mercer): Yes, Sir, but the correspondence means that there is not so much for you to consider as there might otherwise be.

(President): Now you are going to start your cross-examination in "depth"?

434. (Mr. Mercer): I will leave the depth to Mr. Winchester, Sir! (To the Witness): These exhibits in some cases fill out the existing exhibits of the British Railways' Board, do they not?—Yes.

435. In other cases they set out conclusions in respect of the various matters which have been dealt with in the course of your evidence and in the course of cross-examination. Having presumably checked these figures, do you still find some matters to disagree with?—Well, I got this morning a set of exhibits, most of which seem to be the same, or similar, to documents I have previously seen, and insofar as they are the same as documents I have seen and returned to you, I accept their arithmetical accuracy. I do not find this very helpful. 90 per cent of them seem to me quite irrelevant; and before I could sensibly comment I think I would like to know what point you want to make on them; I am, for example, not clear what value a list of hotels is, with classifications of the "A.A." and the total number of bedrooms, but if that information is vital, I will ensure that they are checked in detail.

436. Insofar as the first exhibit is concerned, you understand that that is simply repeating your WW 4 and it shows the percentage proportion of London Area net capital expenditure?—Yes. Which document are you on?

(Mr. Fay): Which is my learned friend referring to? I have a document which we were handed some time ago which is headed "JHW 1" and which says "1965, building of multi-unit electrical vehicles" and then I have another document, also JHW 1, which is headed "Movement expenses per loaded train mile." Can my friend tell me which it is he is referring to?

(Mr. Mercer): "British Railways Board's net capital expenses for the year 1955" and subsequently affecting passenger services in the London area.

(President): This is not very helpful; my document is the same as that of Mr. Fay.

437. (Mr. Mercer): This is JHW 1, sheet 1, "Movement expenses per loaded train mile." I think I now have them in the same order as you do, and as the same as my learned friend. These are tables taken from your own figures, Mr. Winchester, and which complete those figures by other statistics. That is the position?—JHW 1, sheet 1, I have no comment to make on. I accept what you say.

438. And sheet 2?—Sheet 2 produced a number of derivatives from the earlier figures, if they are meaningful—and I am not quite sure of the purpose of the exercise. The object of the exercise seems to be to produce the percentage in the last table.

439. That is right—And presumably you are going to use that to criticise my figures, and if you are going to do so, will you please tell me?

440. No, I am putting to you that these percentages have been derived from your figures, and they show that there are variants as between these different Regions, which are better brought out by the use of these percentages, even if one had to rely solely on figures?—Yes; if you are accepting the percentage variant in the last table as reasonable and sensible, I agree with you.

441. The third one which I have gives details of figures underlying movement expenses in WW 1.—I think this is one we had before. I have no comment on that.

442. Then we start to get some figures on this next sheet, other through trains, JHW 1, sheet 4?—It is difficult to comment on this because I fail to see how it can possibly be relevant, but the figures you have been kind enough to inform us of were extracted, I believe, from some publicity hand-out from our Commercial Advertising people, and as far as we can see, are correctly extracted from that document. The document itself is not wholly up-to-date, because in fact in some respects there are a certain number of inaccuracies, but if you wish me to correct these figures, or to make any major corrections to these figures, I will do so. I cannot at the moment, because we only discovered where you got them the other day.

443. That is part of the matter about which I asked today. It deals with examples of these particular trains, does it not?—No, nothing to do with trains. Half the numbers on this table represent the total usage of the station, and it shows, or starts off with the service which runs through these stations, and it shows the places where the train does not stop, and it shows the total usage of these stations by passengers using that particular service, and where it is marked "A" by passengers using other services as well. What value it is, defeats me.

444. (President): Over what period are these figures?—I understand that they are a year, Sir; they are the number of passengers joining trains or alighting from trains at these stations.

445. Prittlewood does not do very well—848 passengers a year?—They are in thousands. I think, Sir—848,000.

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[Continued]

446. (Mr. Mercer): The question of relevance is really a matter for the Tribunal, and this information has been collected, and it has some connection, I would suggest, with the matters which we have discussed. If you are able to correct it, we can consider whether we will approve it or not—I will let you have a note of any major differences between these figures and what you have here.

447. Then does the same apply to sheets 6 and 7, which deal with suburban through services, and which illustrate those services?—Sheet 7 I do not recognise; 7 is a different kind of table. I have not been able to do anything on that. No doubt the miles down the side are right, but what the train usage is, I have not identified.

448. You have not been able to identify it?—No.

(Mr. Fay): What do the letters "SF," "SS" and "SUB" mean?

449. (Mr. Mercer): They represent "Semi-fast", "semi-slow" or "suburban." When you apply it to suburban trains, that is another matter!—If you can tell us what these figures are, it will help. Are they in thousands of numbers of passengers a year?

(Mr. Mercer): I understand, Sir, that they come from British Transport Advertising, and they are the numbers of passengers in thousands, as you can see the figures "000" at the top, allocated to the various services.

(President): I see.

450. (Mr. Mercer): The next sheet is London Transport Railways movement expenses. Have you any comments to make on that?—We supplied you with a revised document.

451. Well, if that has been altered — ?—This is not completely in accordance with the revisions which we suggested, as far as I can see; I have not had time to check it in detail.

452. The total movement costs, and so on, which were the subject of correction.—Yes. I doubt if you have accepted all my corrections. Have you?

453. I think there was only one difference between you, was there not the figure down towards the bottom underneath "Maintenance" generally?—A quick look, yes, that seems to be so.

454. It was 500, according to you.—No, 500 more, under this column. You have 300 and we put in 800.

455. The position is apparently that all your corrections have been accepted, except one.—Yes, it looks so, on the face of it.

456. We can leave that to be dealt with in evidence. You are maintaining that your figure is right?—It is a better guess.

457. Pardon?—It is a better estimate.

(President): I have been under the impression all today that we were considering the British Railways' Application, but sheet 8 is headed: "London Transport Railways" and refers to London Transport accounts. What is the relevance of it?

458. (Mr. Mercer): It is, as I thought, intended to relate to London Transport railways but running over British Railways' lines. Is that right?—No, it is a preliminary cursor before you come to the next page, which presumably is intended to compare the rate per mile on sheet 8 with sheet 9, and it draws some conclusion from that.

459. It is in order to have the comparability.—To attempt comparability; I am not accepting the figures.

460. You would not accept there was comparability, but if one attempted that, one would have to have sheet 8 to deal with sheet 9.—It is an exercise to produce a global figure for London Transport, and to compare it with what they charged us, and this is what this has done, but I do not accept the comparison is sensible, apart from this one figure that we have mentioned before, that I accept the arithmetic on the document.

461. Really sheet 8 and 9 go together to that extent?—Yes.

462. The next one deals with capital expenditure in respect of these electrical multiple unit vehicles.—I cannot quite remember what we said to you about this one.

463. This has been the subject of your evidence to some extent?—I would not have thought so. The figures in this case are all right, and we accept those. I have not examined the rest.

464. We are dealing with the same thing, that is capital expenditure in respect of these vehicles over this period 1948 to 1955.—Yes, and the figures in the top table are correct. The narrative I am not sure about.

465. Did you not deal with the figures at the bottom of page 2?—No.

466. I am told that the figures at the bottom of the paper were correct. But you agree with the corrections at the top of the page?—Yes, I will take that from you. I really have not examined them. There is a statement about vehicles built prior to 1948, but I have not gone into that.

467. If they are correct with the top, you would have no criticism of those figures, so far as that is concerned, presumably?—I think some of this must be new because I do not recognise or understand them at the moment, without further reflection.

468. Can you look at that perhaps when you are looking at some of these other matters?—Very well.

469. And if there are other corrections, we will see that they are dealt with.—Yes.

470. The next one deals with a question which we have dealt with partly today, and that is the question of season tickets, and this exhibit is an exhibit of season ticket fares designed to show some advantage in revenue in respect of the fact that season tickets are pre-paid?—Yes.

471. These figures again have been corrected, have they not?—Yes, this calculation, for what it is worth, is a reasonable use of figures. The figures used in it are reasonable.

472. My next exhibit is one I tried to start off with recently, and that is the figure of net capital expenditure. This was originally from your WW4?—This is an amalgam of the WW4 of 1963 and the corresponding document for 1964, and a similar statement for 1965 supplied to you, at your request, and I think we have replied to you on it this morning. I do not think we have much change in it, because it simplified it if we took out all the other schemes which were in there for the earlier years, and which were shown separately. My only point is you show the percentages with a degree of exactitude which is a misuse of arithmetic; it shows a wrong understanding of the arithmetic.

473. I accept your criticism. But if one takes the figures as supplied by you, these are the percentages thrown up?—No, these are percentages produced by dividing two sets of rounded figures into each other, and they are broadly right. If you had said that the first three items of percentages are about eleven, I would not quarrel over that, but you have given 11.01, 10.8, and so on.

474. You object to the point of the decimal?—I object to the degree of accuracy which they purport to show.

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[Continued]

475. I do not think it is intended to show that these Regions must be regarded in that light. What they are intended to show is, for example, with regard to the Eastern Region, the London Area passengers, as is shown over the right-hand side in respect of Liverpool Street, Enfield, Chirgford and Hertford and Babco's Stortford was 4.1, whereas the first is given at 13 and that gives you a quick comparison of the sort of proportions which affect the London passengers.—If these figures are right then they show the London passenger proportion on each scheme, yes.

476. If somebody wants to talk about a particular scheme, at a quick glance he can tell what the proportion is?—Yes, but how important it is, I do not know.

477. Apart from the fact you are saying your figures are broad divisions and our percentages must be taken in the same light, you have no criticism to make of the actual figures themselves?—I think I altered one or two of them. If you will look opposite the line of the diesel schemes, Western Region, the figure in the last column is wrong. It should be the same as the figure in the third column.

478. It is 36.5 and 33.2?—And 37 in the last column.

479. Not 32.3?—No; it should be the same.

480. I am told you are right, and we are wrong.—I do not want to go into this because I have given you this in writing, but there are only two or three small corrections apart from the general question of relevance. There are one or two small corrections which we have suggested, and we do not quarrel about that.

481. So, for the record, the last figure in relation to diesel schemes relating to the Western Region should be 37 per cent and not 32.3 per cent?—That is about it, yes.

482. Just so that the record may be correct on that point. Then the other exhibits are really different ways of treating this same problem?—If you say so, but with respect they are an intelligent guess as to what the depreciation is as opposed to capital expenditure, and in most cases they are right. We have already given you the revised documents, which we think are more precise, and that has involved, I think, correcting one of the figures which we had previously given to you. Unless you disagree with what I have said to you this morning, I do not want to make any particular point about it.

483. I understand it is accepted your figures are right?—Then I have no comment.

484. The next sheet I think deals with the building of electrical multiple unit vehicles. You appreciate that these vehicles are relevant to the use in London?—Yes.

485. Again I understand you have corrected the figures?—I see our reproduced figures which I am unable to identify, and put my figures alongside.

486. This is for that column?—The last column of the document shows the B.R.B. total, which I accept, but the other figures I cannot identify.

487. It is proposed to leave the estimated figures in, so which you will presumably not agree, and put alongside your figures as supplied.—Very well.

502. My learned friend Mr. Mercer has declined to put to you any deductions from his tables, but I want to ask you for your comments on one or two of them. Working back, so to speak, JHW 4, sheet 7—the extract from "Modern Railways"—indicates what sites (of surplus land, presumably) have been sold in the years mentioned?—Have been sold or are under examination.

503. I suppose the argument is that as the capital comes in, it ought to be applied for the relief in part of

488. In other words your corrections will be shown alongside the estimated figures.—Thank you.

489. Then we have the capital expenditure on electric multiple unit vehicles since 1955; is that a table which has been subject to correction?—We have checked the first column; we have pointed out that the last column must be wrong, or must be misleading, because the capital expenditure in a year does not correspond with the vehicles brought into service in a year; we charge to capital money we have spent in constructing vehicles, therefore there is work in progress in the accounts at the end of each year which comes off next year's expenditure. So I do not accept that the arithmetic in the last column of this sheet is proper; if you like to take it globally for the whole period, it cannot be far adrift, but year by year I would have thought it was dangerous.

490. It is proposed in that case to put "Average cost (approximately)."—I see, yes.

491. Can we turn now to sheet 7, which refers to new sites?—Yes.

492. This is an extract from a publication called "Modern Railways"?—Yes. I have no comment on it because it is derived from our own document; it has merely extracted some particulars from it. If it is relevant, I do not necessarily accept the footnotes; I would not have thought they were relevant. They are the only things that do not come from us. The first footnote is all right, but as regards the second footnote I would not know if it had any relevance or point.

493. It was in the article?—Yes, this is a correct photograph. But if you ask me if I accept the document, I do not necessarily accept this last footnote.

494. Then I have this problem of hotels in sheet 8. You say in this respect you do not consider this appropriate in consideration of the London area receipts or—?—I took that as an example of one of the less relevant documents, yes. It is a reasonable document. It is not quite up to date, but unless it is vital to know the number of bedrooms in each hotel—

495. Is the same criticism to be made of ships and harbours?—I have no comment on that. I look forward with interest to see how you make it relevant.

496. Then interest charges. Have you this sheet?—No. We have just left sheets 9 and 10, and I have sheet 11 now. I see; it is the bottom line.

497. The next one is an extract from British Railways' Exhibit WW 6 of 1963 and 1964, net capital expenditure; this is in respect of passenger services in the London area?—Yes.

498. That, I take it, again you have corrected?—Yes, we have agreed that, and we put in an additional column in case it would help.

499. Then there is capital structure?—I have not been through that yet.

500. The only other one I have is one relating to estimated interest charges, which again you have only just received?—Yes.

501. You make no comments on those?—No.

Re-examined by Mr. FAY

London passengers. Do you call attention to the nature of the sites set out in the first of those two lists—those negotiated already?—Yes. Most of the sites have nothing to do with passengers—certainly currently they have nothing to do with passengers.

504. Were they freight land, when used by the railway for operational purposes (if indeed they ever were)?—Mainly; I do not think they necessarily all were. I do not know that I would accept it was relevant even if they had

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MR. WISHART INGRAM WINCHESTER

[Continued]

been used for passenger purposes. They are surplus; there is no part of their costs or of the interest in relation to them in my calculation. Why they should have any relevance I fail to see.

505. And of course in so far as land is sold off as surplus, is it land which presumably was purchased some years ago?—Yes.

506. Is any of the capital cost of the land part of the active debt to the Minister?—No, I am fairly sure that none of it is part of the active debt to the Minister; it could be that some of it is associated with savings bank deposits. We cannot identify what the savings bank deposits were for, of course. But there is nothing in the formula I have used for activity interest in London which picks up any interest currently payable in relation to the original investment in these properties, and therefore there is no reason that I can see why what we are going to get out of selling them should be relevant to London, any more than the loss we are now making on our hotel business should be charged to London passengers.

507. In so far as you sell capital assets, the cash comes into your accounts?—Yes.

508. And it defers *pro tanto* the need for borrowing, and to that extent reduces the interest liability.—It does not affect the interest liability to London; it reduces the Board's total interest liability.

509. Now, JWH 1, sheets 8 and 9, show the comparison of some figures in relation to London Transport railways, which seems to set out on the first sheet a calculation from London Transport's accounts and on the second sheet a reference to the payments made per loaded train mile. Who is paying whom in those payments?—British Railways pay London Transport so much per train mile for the London Transport trains which run over British Railways' lines; British Railways take the receipts and pay London Transport for providing the train service.

510. There seems to be an examination here of the difference between the amount which you paid London Transport and the amount London Transport in fact imposed; is that a point you see in these documents?—I cannot see any other object in the exercise.

511. What have you to say about it, if that is the point?—That the amount we pay to London Transport has regard to the characteristics of each individual service—a separate cost per mile is calculated for each individual service they provide for us, and if the sum of these various charges (which differ quite a bit between themselves) came to the average of London Transport's own costs, it would be surprising.

512. It is costed separately?—Yes.

513. In any event is this a sort of broad figure that dates from the days of common ownership, or is a figure negotiated at arm's length?—The figure up to 1964 in the second sheet are in accordance with what happened when British Railways and London Transport were both in common ownership. We have during that period negotiated a fresh agreement, to become operative from 1st January, 1966, and the results of that are shown on this table, and the words quoted here are the words we gave to Mr. Whitaker as being in the main change.

514. That is the payment of £0.680m.?—Yes.

515. That was a fresh agreement?—Yes. I should perhaps point out one change which I did not mention, which is that up to 1965 the charge in any year was based on the average cost per car mile in the previous year, so it was always one year out of date, whereas from 1966 it is an estimate of what the current costs are. So if you are comparing sheet 8, the appropriate comparison is with the cost per mile for 1965.

516. Passing from these documents, there was a question put to you about the increase in the cost of administration—up by £0.2m. over and above the cost of wages. I do not know whether it will be suggested that the headquarters staff is full of persons under-employed; it is the kind of suggestion which sometimes emerges from figures of administration which are probed. What have you to say about that? I would like you to expand what you said about the process in modern business generally.—The process is that the machine gets more complicated, the job to be done gets more complicated, the need for closer management gets all the greater and the tendency is that your management costs as a proportion of your total costs will rise. This is not only headquarters.

517. And you achieve economy elsewhere, presumably?—Yes. The complication of running trains in London is not diminishing.

518. Is there any element of new plant or office accommodation in this figure?—I do not think so, and I do not think any new offices should be reflected there. There are now office buildings in certain parts, but I do not think they are in the figures yet.

I did speak at large on the trend in the number of staff. The figures show that what has happened is that, taking British Railways as a whole, the number of salaried staff—administrative staff—has declined at a slower pace than the other staff. I suggested this morning that they had not declined at all, but it is only the relative pace of decline which is different. I would like to correct the record there.

519. On my learned friend Mr. Molony's question, arising out of the notice dated 31st December, where the only ground given was the increase in costs, it was suggested that you should have, or your Board should have, added a reference to a decrease in revenue. When you say that the gross revenue has declined, is that a comparison of what has been received with what was expected to be received?—It is not only that. Whether you take the year 1964 as your starting point or whether you take the expectation for 1965 which we put forward a year ago, the actual results for 1965 are worse.

520. If there is to be a fall in revenue, it means comparing something with something else?—Yes.

521. You have your actuals for 1965; if you compare them with the actuals for 1964, without making any adjustment for increases in fares, would there be a fall in revenue?—No, I think the actual receipts for the two years were substantially the same.

522. Do you know whether it would be safe in giving a notice under the relevant section of the Act to rely upon a fall in revenue which was a fall as against expectation as opposed to a fall as against the actual figures.—I am sorry; I do not think I agree with you. The fall was against actuals and against estimate.

523. No; it is suggested your Board was wrong in omitting this factor. It is really a matter of law for me to argue, but the section of the Act does not allow you to put up your fares by notice unless you are satisfied there has been an increase in cost or a decrease in receipts, and you saw an increase in costs when the notice was sent out, did you not?—I knew of the increase in costs. I saw the reference to the figure of increased costs; I in fact supplied it.

524. Was there any doubt in anyone's mind that costs were going to increase not only as a rate but in total?—There could be no doubt.

525. At the same time could there be clarity in everybody's mind that there would be a fall in revenue as compared with the previous year's actual figures.—No, the actual figures, including the figure of fare increases for 1965 and 1964, were almost identical.

526. In those circumstances perhaps it is a matter of law as to whether the section permits the notice to be founded

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[Continued]

upon that. At any rate was it your decision or your Board's decision to issue the notice?—It was the Board's decision.

527. And did the Board take legal advice from their
(The witness withdrew)

MR. JAMES HENRY PENTNEY, sworn

Examined by MR. JURY

529. Are you James Henry Pentney?—Yes.

530. Are you the passenger officer of the British Railways Board responsible for passenger fares and charges matters?—Yes.

531. You are a newcomer to the Tribunal as far as giving evidence is concerned?—Yes.

532. So we had better have the whole of your experience in railway matters. You joined the Great Northern Railway in 1918?—Yes.

533. You have had a wide experience of passenger services?—Yes.

534. For the past 16 years, with the exception of a period from 1955 to 1958, you have been at Regional and Board headquarters dealing with charging policy for passengers by road and rail?—Yes.

535. Were you a railway nominee to the Sheffield Joint Omnibus Committee during the period 1950 to 1955?—Yes.

536. Were you seconded to the government of Mauritius for the three years I have mentioned, from 1955 to 1958, as transport adviser?—Yes.

537. During that time were you chairman of the road licensing authority?—Yes.

538. Did that duty as chairman include the duty of hearing applications for increases in fares by bus companies?—Yes.

539. So that you are not unfamiliar with the difficulties of maintaining an increase before a judicial tribunal?—No.

540. We can deal in your evidence with the two sets of increased charges: first those under section 48 which were brought into effect by the notice of 4th January and which started on 16th January, 1965?—Yes.

541. And on the other hand with the further charging powers sought, which had been outlined in opening and which were not included in the notice?—Yes.

542. So before we come to the actual alterations perhaps you would give the tribunal the reasons for the kind of increase which is sought. We have of course heard the financial need to raise more revenue and the fact that the need will not be fully met by these increases; but what factors have the Board taken into account in arriving at these particular types of increase?—It will be remembered we were about to put an application in to the tribunal in May of last year but were asked by the Minister to defer it. When we were allowed then, at the end of the year, to make our application and to take action to recover our financial position, we picked up precisely what we were to have done by way of application in May, and because that was not sufficient to meet what could be seen to be our requirement, we put the two further portions into the application.

543. As far as the notice increases are concerned, you are making, eight months late (or is it seven months?) what you had intended to make earlier?—It is some months late—it would have taken time for the tribunal to hear the application of course. But we have that period of delay.

solicitors' department when issuing it?—Certainly.

528. As for the decline in traffic as against expectation, is that a matter which the commercial witness is able to deal?—Yes.

544. What factors have you taken into consideration in deciding on this particular type of increase?—Primarily the application that might have been lodged in May of last year was to correspond with what the London Board were doing and what was at that time outside our powers.

545. Have you tried to maintain the degree of assimilation which the tribunal in the past have supported between British Railways Board and London Transport?—Yes, up to the point where we are now asking for an additional part in our application.

546. There has been a time when it has been suggested we should depart from the assimilation, which was not allowed by the tribunal?—Yes; in 1964 our application to use British Railways' scale of charges on the Fenchurch Street Lines was refused.

547. All that rather suggested to the Board at any rate that they should continue as far as possible the assimilation, certainly until they were prepared to make another application to depart from it?—Yes.

548. I suppose there is the question of trying to get an equitable distribution of increases over all categories of travellers?—Yes.

549. As between the ordinary fares and the season ticket rates, what is the principle you have gone on?—We have tried to keep the season ticket rates in relation to the ordinary fare so that we achieve this objective of sharing as between the various classes of traveller.

550. Is it right that the ordinary fares have not been increased since June 1962?—That is true inasmuch as distances over 12 miles have not been increased since June 1962.

551. There have however been increases in season ticket rates?—Yes.

552. And is part of the underlying reason for this particular structure to try to keep the ordinary fares as reflecting something of the subsequent increases in season ticket rates?—Yes; it is also trying to bridge the gap between two assimilations: on the one hand to keep our assimilation where we must in London, and on the other hand to assimilate where we again must, on the border of the London area, with our charges outside London.

553. Let us turn to the actual increases which were included in the notice and therefore introduced on the 16th January last; exhibit JP 1 sets out these in relation to the Fenchurch Street lines?—Yes.

554. Does that show in columns 1 to 3 the effective maximum second class single fares for journeys up to 20 miles?—Yes.

555. Twenty miles is taken because you cannot go more than 19 in the area on the Fenchurch Street lines?—That is so.

556. This in any event is the same as London Transport's, so I need not spend time on that. One can see that the 19 and 24 mile breaks have been abolished and the remaining scales are the same as London Transport's?—Yes.

557. Then if we turn to exhibit JP 2, that shows fares on other lines than the Fenchurch Street lines?—Yes.

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[Continued]

558. The first column shows the mileage; the next shows the fares before the notice; the next, the fares after the notice; column 4 then shows the actual amount of increase—and one sees it runs from 4 miles to 12 miles; then in column 5 is shown that they come to as a percentage. That is the end of that half of the table, which deals with the notice increases?—Yes.

559. As far as the increases from 4 to 10 miles are concerned, are they identical with the London Transport increases?—Yes.

560. Beyond the 10 mile stage you have not applied, you have not applied a 3d. flat rate increase, one can see?—That is so.

561. That is because your fares were already above those of the London Board at those distances?—Yes.

562. Have you therefore introduced a tapering-off at the end of these increases in columns 4 and 5—or rather you taper the London Board's fares into your fares—2d. and 1d. is the amount of difference.

563. Then we can turn to JP 3. Columns 1 to 3 there show the maximum in the season ticket rates, second class, at the levels applied, before the date of increase and after, with the actual increase in column 4 and the percentage increase which that represents in column 5?—Yes.

564. Those are of course monthly rates. The other periods are correspondingly increased?—Yes.

565. The range of those increases is, I think, 2 per cent at the smallest, to a maximum of 6.82 per cent?—Yes.

566. That was announced as a general increase of 5 per cent, but I think the actual figure is nearer 4½?—Yes.

567. Five was a rather general figure?—Yes.

568. Perhaps that is all that need be said on that part. Then, going on to JP 4, that deals with the season ticket rates, and from the point of view of the notice increases one is concerned only with columns 1 to 8. It is difficult

to read, but they are labelled "A" at the top, and the remaining columns are labelled "B"; they refer to the additional increases which are asked for?—Yes.

569. In JP 4, do those first columns, 1 to 8, show the extent to which a monthly season is cheaper than travel with an ordinary return, either six days or five days a week?—Yes, except for miles 1 and 2.

570. It becomes more expensive for the very short distances?—Yes; it depends on the number of journeys you make.

571. My learned friend Mr. Fay is saying unless you go home to lunch; one could of course travel several times a day on the very short distances?—Yes.

572. The table explains itself: first miles, then the rate, then the cost of the assumed six-day return journey, then the cost of the assumed five-day, then the comparison between the columns and then what that represents as a percentage in column 6; and the remaining two columns are again the amount and the percentage, but this time comparing the monthly season ticket rate with the five-day week instead of the six-day?—Yes.

573. There is one thing on that season ticket question: it was said at the hearing in 1964 (the reference is page 72, questions 1672 and 1680) that, by reference to the Bulletin of the London Cambridge Economic Service, salaries had gone up considerably more—and wages even more than that—compared with the season ticket costs. What are the latest figures one can put into this Tribunal in 1966 about that?—We now find that since 1956 salaries have increased by 4½ times as at the end of 1954, and wages by over 5½ times as at the end of 1965, which compares with the season ticket rates of 3½ times over the comparable periods.

I should repeat that the wages figure is at the end of 1965, the salaries figure is at the end of 1964.

574. So at any rate there is this merit in the amount of increase, that it certainly is not cutting a greater hole in the pocket of the average user of this type of ticket?—No.

(Adjourned until Monday morning at 10.30 hours)

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[Continued]

EXHIBIT WW 1

BRITISH RAILWAYS BOARD

Estimate of Working Results in a "future year" of services for London Area Passengers

Item	£m.	£m.
Passenger Receipts at pre-January 1966 charges		
1 Per Exhibit JP 5	37.2	
2 Other Receipts	4	
3 Total Receipts	37.6	
Working Expenses		
Movement		
4 Local trains	13.2	
5 Contribution towards expenses of through trains	3.9	
6	17.1	
7 Terminal and documentation	6.5	
8 Track and signalling	8.4	
9 General Administration and overheads	3.5	
10	35.5	
11 Margin at pre-January 1966 charges	2.1	
Estimated yield of increases per JP 5		
12 Made	1.3	
13 Proposed	0.8	
14	2.1	
15 Margin available to meet interest and reserves	4.2	

Notes: (1) The above estimates do not take account of increases in wage rates to be made on 5th September, 1966.

(2) If the Board's view as to the method of dealing with suburban through trains were adopted working expenses would be increased by £0.4m.

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[Continued]

EXHIBIT WW 2

BRITISH RAILWAYS BOARD

Memorandum explaining Exhibit WW 1

1. The charges to which the Application relates are confined to journeys local to the London Area. Gross receipts from these journeys are recorded currently but the working expenses incurred in earning these receipts cannot be ascertained with precision. Some of the passengers travel on trains which are local to the area and others on through trains; the passengers use stations in common with through passengers and often with parcels traffic, and the trains in which they travel share the tracks with other passenger, parcels and freight trains. In these circumstances the expenses must be built up by a series of estimates which in some cases involve apportionment of joint expenses. The methods adopted in making the estimates set out in Exhibit WW 1 are explained below.

2. The expenses have been looked at under four main headings, viz.:

Movement

Terminal and Documentation

Track and Signalling

General Administration

These are the headings normally used by the Board's Traffic Costing Service when examining the economics of particular services.

3. The headings include all the items of expense relevant to London passengers shown for British Railways on pages 29 to 31 of the British Railways Board's published accounts and only such expenses. Broadly Movement corresponds to the published accounts items, train working and shunting, plus administration of maintenance included therein; Terminals and documentation corresponds to terminal handling and facilities and booking and consignment; Track and Signalling corresponds to track and signalling plus administration; and General Administration consists of miscellaneous expenses and administration and general expenses (other than engineering administration).

4. The estimates have been compiled on the basis of the accounting practices used by the Railways Board in preparing their published accounts, with one exception. The Board, in addition to providing depreciation for moveable assets such as Rolling Stock, also amortise expenditure on physically fixed assets such as bridges, signalling, stations and other buildings. In the estimates in WW1 no provision is made for amortisation; instead a reasonable annual charge is made for the renewal of such assets as are expected to need renewal in the foreseeable future.

5. The working expenses estimates were made specially for the purpose of preparing the Exhibit by the traffic costing teams in the Regions within a general procedure laid down by Headquarters and subject to the supervision of Headquarters. The techniques adopted were, subject to any particularities of the present problem, those normally used in making estimates of the expenses of individual services and, as will appear later, it was possible to adapt to the purpose a substantial amount of detailed accounting analysis already made for other purposes.

6. The future year covered by the working expenses estimates is broadly a year starting from now. In so far as it has been necessary to base the estimates on a precise period of time this period beginning with the introduction of the new timetable on 15th April has been taken.

Movement

7. For the purpose of preparing the estimates, services were divided into two main categories:—

Trains which operate entirely within the Area, and

Through trains which start or terminate outside the Area but which convey passengers on journeys within the Area.

8. The through trains were further sub-divided between those which, although starting or terminating outside the

Area, are predominantly required for the movement of passengers internal to the Area (Liverpool Street to Shenfield and Gaidford to Waterloo trains, for example), and other through trains which call within the Area but which are mainly concerned with the movement of passengers outside the Area or between Area stations and other stations (stopping trains Brighton to London and Southend to London are examples). For the purpose of definition, trains in the first category will be referred to as "suburban through trains" and the longer-distance trains as "other through trains".

9. Almost all the local trains and about 90 per cent of each category of through trains are now operated by electric or diesel multiple units. The expenditure incurred on these forms of traction is in the main accounted for separately in the Regions' books and the Regional figures are further analysed to meet the needs of managerial control. It has been possible, therefore, to build up estimated expenditure for services in a future year, service by service, having regard to the type of traction, composition of the trains and volume of service to be operated. Such estimates are not dependent to any material extent on apportionment—the assets and staff are engaged almost entirely on passenger work and except for the "other through trains" are predominantly employed in the London Area.

10. There is, however, a rather greater degree of "jointness" in the expenses of locomotive-hauled trains. In dealing with such trains, movement expenses have been estimated at rates per train mile which have regard to the type of service, type of traction and composition of train. The figures have been ascertained by investigation in the Regions having regard to the local circumstances of operation.

11. The movement expenses of the "local" services have been charged wholly against London Area passengers.

12. In the case of the through services, tests have been undertaken to establish the use made of all through trains by Area passengers and other passengers over sample periods. This data has been expressed in passenger miles and has been used to share the movement expenses of the trains.

13. It is the view of the Board that the expenses of "suburban through trains," i.e., those provided predominantly for the use of Area passengers, should be divided in the ratio which the passenger miles of Area passengers bear to the total passenger miles for the trains, but for the purposes of this application they have been treated as "other through trains."

14. The circumstances of the "other through trains" are not, in the view of the Board, the same, and it is therefore not appropriate to treat the train as a single unit throughout its journey. Accordingly, the expenses of each service between extreme stops within the Area were first estimated *pro rata* to train mileage and this figure was then allocated between Area and non-area passengers *pro rata* to passenger miles.

Terminal and documentation

15. A detailed investigation has been undertaken at each of the 510 British Railway stations within the Area in order to estimate current expenses of providing terminal services for Area passengers.

16. In the first instance the staff expenses at these stations during a selected week were apportioned in relation to the time of employment of individual members of staff between passengers, parcels and freight and expenses incurred in earning miscellaneous receipts. The allocation to passenger services was further sub-divided between the separate functions of:—

Ticket issuing

Ticket inspection and collection, and

Passenger handling

At those London terminal stations where there is a material difference in the services provided for suburban passengers and for main-line passengers, a further sub-division was made to eliminate the expenses appropriate to main-line passengers.

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[Continued]

EXHIBIT WW 2—Continued

17. The staff expenses relating to passenger operation arrived at by the above process were then converted into annual figures at current levels of wage rates and costs.

18. In addition to staff expenses, the expenses of terminals include the costs of fuel and lighting, stationary and consumable stores, and the maintenance of station buildings. As the assessment of actual expenditure for these items involves considerable research, tests on levels of expenditure for passenger facilities were restricted to a representative sample of about 5 per cent of the stations in each Region's territory. The annual expenses of these other items were related to the staff expenses at the selected stations, and the percentage relationships so arrived at were used to uplift the passenger staff expenses at each station to total passenger expenses.

19. The sharing of the passenger expenses between Area and other passengers under the three headings was undertaken individually for each of the stations using the following statistical bases:—

Ticket issuing ...	number of tickets issued, but treating each season ticket as equal to 10 ordinary tickets
Ticket inspection and collection	number of passengers originating and terminating
Passenger handling ...	number of train calls, including an appropriate proportion of calls by through trains

Track and signalling

20. Within the London Area there is considerable variation in traffic characteristics and maintenance standards as between different sections of track. The system has, therefore, been divided into 115 sections within each of which traffic and maintenance standards are approximately the same.

For each of these sections estimates have been prepared of the annual expenses separately for

Track maintenance
Signalling maintenance
and
Signalling operation

21. The expenses of each section were divided between

Tracks used solely for passenger trains
Tracks used solely for freight trains
Joint tracks

22. So far as the joint tracks are concerned, an additional estimate was made of the expenses which would be incurred if there were no passenger traffic on the lines but the same total volume of traffic, measured in gross ton-miles (for track) and train miles (for signalling), continued to pass. The difference between this estimate and the present expenses of maintaining and operating the track and signalling has been treated as specific to passenger; the balance has been dealt with as joint. The expenses of the joint tracks were then divided between passenger and other traffic (parcels and freight), *pro-rata* to gross ton-miles for all traffic over the joint tracks in the case of track expenses and train miles for signalling operation and maintenance expenses. The passenger expenses so arrived at were then divided between Area and other, again using gross ton-miles for track and train-miles for signalling. The Area proportion was based on the statistics for all local trains plus a share of the statistics of through trains established by using the formula adopted for the sharing of movement expenses.

General Administration and Overheads

23. The estimate for General Administration has been assessed as an overhead taking the experience of the Southern Region of British Railways.

Note: The basic statistics used for apportionment of through train movement, terminals and track were first obtained in 1963, but have since been adjusted as necessary to reflect changes in the pattern of services.

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[Continued]

EXHIBIT WW 3

EXHIBIT WW 4

ANALYSIS OF CHANGES IN WORKING EXPENSES A5
BETWEEN WW 1 OF 1964 AND WW 1 OF 1966

Item	£m.
1 Change in method adopted for apportioning expenses of "suburban" through trains to that used for "other" through trains ...	- 0.4
2 Changes in services, station and other economies, etc. ...	- 0.8
Increases in wage rates and improvements in conditions of service:	
3 General increase in wage rates in December, 1964 ...	+ 1.5
Note: Provision of £1m. on account of this increase was made at item 14 of WW 1 of 1964	
Subsequent changes effective not later than March, 1966	
4 Increases in wage rates and in annual holidays and reduction in working week ...	+ 1.5
5 Increases in national insurance and other staff costs ...	+ 0.3
6 Increases in price levels ...	+ 0.5
7 Increase in General Administration and Overheads apart from wage and price increases ...	+ 0.2
	+ 2.8

BRITISH RAILWAYS BOARD

Estimate of Interest Liability in a Future Year

Item	£m.
British Railways Board as a whole	
1 On initial interest-bearing debt to the Minister of Transport ...	49
2 On deposits by Savings Banks and Superannuation Funds and provision for retirement benefits ...	12
3 On subsequent borrowings from Minister or from Banks ...	5
4	66
5 Deduct: Chargeable to Capital Account ...	1
6	65
London Area passengers proportion	
Active debt to the Minister (item 1) and subsequent borrowings (item 3)	
7 Capital expenditure on which debt is based ...	59
8 Interest at 5.7 per cent ...	3.4
9 Deposits	
5 per cent total interest of £12m. (item 2)	.6
10	4.0

Note: The above statement excludes interest on the suspended debt which is not expected to be payable in the immediate future.

29 April 1966]

[Continued]

EXHIBIT WW 5

BRITISH RAILWAYS BOARD
"OTHER RECEIPTS" RELATIVE TO LONDON AREA
PASSENGERS

	London Terminal Stations £500	Other Stations £500
Net Earnings in London Area		
Miscellaneous traffic receipts— (Cloakrooms, lavatories, car parks, etc.)		
Gross Receipts	240	165
Working Expenses	340	215
Net Loss	100	50
Rents from Letting of sites on stations (Shops, kiosks, Bookstalls, Refreshment Rooms, etc.)		
Gross Receipts	470	160
Working Expenses	50	20
Net Receipts	420	140
Commercial Advertising		
Gross Receipts	80	130
Working Expenses	50	60
Net Receipts	30	70
Refreshment Rooms		
Net Receipts	250	—
Total Net Receipts	600	140
London Area Passengers' proportion	300	100

29 April, 1966]

[Continued]

EXHIBIT JP 1

THE LONDON FARES (BRITISH RAILWAYS) ORDER 1965

MAXIMUM—SECOND-CLASS—SINGLE FARES

LONDON FARES ON THE BOARD'S FENCHURCH STREET LINES

Miles (1)	Fares as at 15th January 1966 (2)	Fares as from 16th January 1966 (3)	Increase Col. 3 over Col. 2	
			(4)	(5)
	s. d.	s. d.	d.	%
1	4	4	—	—
1½	6	8	2	33.33
2	8	8	—	—
2½	10	1 0	2	20.00
3	1 0	1 0	—	—
4	1 2	1 3	1	7.14
5	1 4	1 6	2	12.50
6	1 6	1 9	3	16.66
7	1 9	2 0	3	14.28
8	2 0	2 3	3	12.50
9	2 3	2 6	3	11.11
10	2 6	2 9	3	10.00
11	2 8	2 11	3	9.37
12	2 10	3 1	3	8.62
13	3 0	3 3	3	8.33
14	3 2	3 5	3	7.89
15	3 4	3 7	3	7.50
16	3 7	3 10	3	6.97
17	3 9	4 0	3	6.66
18	3 11	4 2	3	6.36
19	4 1	4 4	3	6.12
20	4 3	4 6	3	5.88

29 April, 1966]

[Continued]

EXHIBIT JP 2

THE LONDON FARES (BRITISH RAILWAYS) ORDER, 1966

Maximum second-class single fares (other than upon the Fenchurch Street Line), ascertained in accordance with sub-paragraphs (a) and (b) of paragraph 6 of the Order

Miles (1)	Fares as at 15th January, 1966 (2)	A Fares as from 16th January, 1966 (3)	Increase		B Proposed Fares (6)	Increase Col. 6 over Col. 3		Total Increase Col. 6 over Col. 2	
			Amount (4)	Per cent (5)		Amount (7)	Per Cent (8)	Amount (9)	Per cent (10)
1	s. d.	s. d.	s. d.	—	s. d.	s. d.	%	s. d.	%
2	4	4	—	—	4	—	—	—	—
3	8	8	—	—	8	—	—	—	—
4	12	12	—	—	12	—	—	—	—
5	16	16	—	—	16	—	—	—	—
6	19	19	—	—	19	—	—	—	—
7	22	22	—	—	22	—	—	—	—
8	25	25	—	—	25	—	—	—	—
9	28	28	—	—	28	—	—	—	—
10	31	31	—	—	31	—	—	—	—
11	34	34	—	—	34	—	—	—	—
12	37	37	—	—	37	—	—	—	—
13	40	40	—	—	40	—	—	—	—
14	43	43	—	—	43	—	—	—	—
15	46	46	—	—	46	—	—	—	—
16	49	49	—	—	49	—	—	—	—
17	52	52	—	—	52	—	—	—	—
18	55	55	—	—	55	—	—	—	—
19	58	58	—	—	58	—	—	—	—
20	61	61	—	—	61	—	—	—	—
21	64	64	—	—	64	—	—	—	—
22	67	67	—	—	67	—	—	—	—
23	70	70	—	—	70	—	—	—	—
24	73	73	—	—	73	—	—	—	—
25	76	76	—	—	76	—	—	—	—
26	79	79	—	—	79	—	—	—	—
27	82	82	—	—	82	—	—	—	—
28	85	85	—	—	85	—	—	—	—
29	88	88	—	—	88	—	—	—	—
30	91	91	—	—	91	—	—	—	—
31	94	94	—	—	94	—	—	—	—
32	97	97	—	—	97	—	—	—	—
33	100	100	—	—	100	—	—	—	—
34	103	103	—	—	103	—	—	—	—
35	106	106	—	—	106	—	—	—	—
36	109	109	—	—	109	—	—	—	—
37	112	112	—	—	112	—	—	—	—
38	115	115	—	—	115	—	—	—	—
39	118	118	—	—	118	—	—	—	—
40	121	121	—	—	121	—	—	—	—

29 April, 1966]

[Continued

EXHIBIT JP 3

MONTHLY SEASON TICKET RATES

Second Class

Miles (1)	Maximum Rate as at 19th January 1966	Maximum Rate from 16th January 1966	Increase Col. 3 over Col. 2	
	(2) £ s. d.	(3) £ s. d.	Amount (4) s. d.	% (5)
1	1 6 0	1 6 0		
2	1 14 0	1 14 0		
3	2 2 0	2 2 0		
4	2 9 0	2 10 0	1 0	2.04
5	2 16 0	2 18 0	2 0	3.57
6	3 2 0	3 5 0	3 0	4.84
7	3 9 0	3 12 0	3 0	6.35
8	3 16 0	3 19 0	3 0	3.95
9	4 3 0	4 6 0	3 0	3.61
10	4 10 0	4 13 0	3 0	3.33
11	4 16 0	5 0 0	4 0	4.17
12	5 2 0	5 7 0	5 0	4.90
13	5 8 0	5 13 0	5 0	4.63
14	5 13 0	5 19 0	6 0	5.31
15	5 19 0	6 5 0	6 0	5.04
16	6 4 0	6 11 0	7 0	5.65
17	6 9 0	6 16 0	7 0	5.43
18	6 15 0	7 1 0	6 0	4.44
19	7 0 0	7 6 0	6 0	4.29
20	7 6 0	7 11 0	5 0	3.42
21	7 11 0	7 16 0	5 0	3.31
22	7 16 0	8 1 0	5 0	3.21
23	8 2 0	8 6 0	4 0	2.47
24	8 7 0	8 11 0	4 0	2.40
25	8 12 0	8 16 0	4 0	2.33
26	8 16 0	9 1 0	5 0	2.84
27	8 19 0	9 6 0	7 0	3.91
28	9 2 0	9 11 0	9 0	4.95
29	9 5 0	9 16 0	11 0	5.95
30	9 9 0	9 19 0	10 0	5.29
31	9 11 0	10 2 0	11 0	5.76
32	9 14 0	10 5 0	11 0	5.67
33	9 16 0	10 8 0	12 0	6.12
34	10 0 0	10 11 0	11 0	5.90
35	10 4 0	10 14 0	10 0	4.90
36	10 6 0	10 17 0	11 0	5.34
37	10 8 0	11 0 0	12 0	5.77
38	10 12 0	11 3 0	11 0	5.19
39	10 15 0	11 6 0	11 0	5.12
40	10 18 0	11 9 0	11 0	5.05

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[Continued]

EXHIBIT B-4

MONTHLY SEASON TICKET RATES

COMPARISON OF MAXIMUM SEASON TICKET RATES WITH COST OF EXISTING
AND PROPOSED ORDINARY RETURN FARES ON BRITISH RAILWAYS BOARD

Miles (1)	Monthly Season Ticket Rate as from 26.1.66 (2)	A. Comparison with Existing Ordinary Return Fares as from 16.1.66				B. Comparison with Proposed Ordinary Return Fares, as from a Future Date			
		Cost in Month of Daily Fares		Col. 2 compared with Col. 3		Cost in Month of Daily Fares		Col. 2 compared with Col. 9	
		Amount £ s. d. (3)	Amount £ s. d. (4)	Amount £ s. d. (5)	% (6)	Amount £ s. d. (7)	% (8)	Amount £ s. d. (11)	% (12)
1	1 5 0	17 4	14 8	8 8	50.0	12 4	77.2	8 8	50.0
2	1 10 0	17 4	14 8	8 8	19.2	4 8	25.9	8 8	19.2
3	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
4	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
5	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
6	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
7	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
8	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
9	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
10	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
11	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
12	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
13	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
14	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
15	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
16	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
17	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
18	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
19	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
20	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
21	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
22	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
23	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
24	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
25	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
26	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
27	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
28	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
29	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
30	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
31	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
32	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
33	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
34	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
35	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
36	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
37	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
38	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
39	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2
40	1 10 0	17 4	14 8	8 8	23.1	2 0	4.5	10 0	19.2

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[Continued]

EXHIBIT JP 5

BRITISH RAILWAYS BOARD
REVENUE ESTIMATES—B.R. LONDON AREA

(a) At charges in force from 16th January, 1966, by Section 40 Notices on 4th January, 1966

(b) Further increases proposed in the Section 40 Application lodged 2nd February, 1966

Category of Charge (1)	Percent for 1966 at charges applying before 16th January, 1966 (2)	(a) Annual Increase in Revenue from charges introduced from 16th January, 1966			A future year at 16th January, 1966 Level of charges (6)	(b) Annual Increase in Revenue from charges proposed in Section 46 Application			
		Gross Yield (3)	Net Yield (4)	Discount Applied (5)		Gross Yield (7)	Net Yield (8)	Discount Applied (9)	
Ordinary Full Fare— B.R.	1000%	1,010	700	3% assumed loss on traffic affected (£9,280m.)	16,580	£000's	£000's	340	2% assumed loss on traffic affected (£5,700m.)
Poundrick Street Lines	1,720	140	140	NIL	1,860	—	—	—	—
Reduced Fares	3,740	—	—		3,740	—	—	—	—
Total Ordinary	21,350	1,160	840		22,170	680	340		
Season Tickets	18,630	880	560	1½% assumed loss of Traffic	19,190	680	400		Variable. See Note below
Total before Clearance	39,980	2,040	1,400		41,360	970	780		
L.T.R. Clearance	— 2,340	—	— 100		— 2,840				
Total after Clearance	37,220		1,300		38,520				

NOTE

Reduced Rate Season Tickets for Gainfully Employed Persons	Estimated Receipts in 1 year at 16th January, 1966 level of charges	Annual Increase in Revenue from proposed charges		
		Gross Yield	Net Yield	Discount Applied
Proposed withdrawal of — Two-thirds rate	£000's	£000's	£000's	9%
Half rate	740	370	310	10%
Total	110	110	99	10%
	850	480	400	

PROCEEDINGS OF THE TRANSPORT TRIBUNAL

LONDON FARES AND MISCELLANEOUS CHARGES DIVISION

MONDAY, 2nd MAY, 1966

President :

G. D. SQUIBB, Esq., Q.C. (*President*)

SIR THOMAS ROBSON, M.B.E., F.C.A.

R. C. MOORE, Esq., O.B.E., M.Inst.T.

Mr. E. S. FAY, Q.C., and Mr. K. JUPP, Q.C. (instructed by Mr. M. H. B. Gilmour, Solicitor to the British Railways Board) appeared on behalf of the British Railways Board.

Mr. J. T. MOLONY, Q.C., and Mr. L. MACLAREN (instructed by Mr. E. Kelsey, Solicitor and Parliamentary Officer to the Greater London Council) appeared on behalf of the Greater London Council.

Mr. M. C. PARKER and Mr. P. GRIEVE (instructed by Mr. Keith Lauder, Town Clerk and Solicitor to the London Borough of Barking, and Hon. Secretary to the South Essex Traffic Advisory Committee) appeared on behalf of the London Borough of Barking and the South Essex Traffic Advisory Committee.

Mr. G. MERCER (instructed by Messrs. Knocker & Fosket, Solicitors to the Travellers' Associations—Joint Committee) appeared on behalf of the Travellers' Associations—Joint Committee.

Mr. D. KEENE (instructed by Mr. A. E. Poole, Clerk of the Thurrock Urban District Council) appeared on behalf of the Thurrock Urban District Council.

Mr. F. A. RULER, represented the Federation of Residents Associations in the County of Kent.

Mr. G. E. AUSDEN represented the Association of Public Transport Users.

(*President*): Before we start, Mr. Fay, it may be convenient if I say now that we shall not be able to sit this week after Thursday, and I have some rather bad news for you; tomorrow we shall not be able to have this hall and we shall have to undergo some discomfort at Watergate

Horse.

(*Mr. Fay*): If you please.

May I resume Mr. Pentney's evidence.

Mr. JAMES HENRY PENTNEY recalled

Examination continued by Mr. Fay

575. You had concluded last Friday your evidence about the changes which were brought into force last January. May I turn now to the changes which are proposed in the draft order but which are not yet in force. The first of these is the proposal to increase the ordinary single fares except on the Fenchurch Street Line from a rate of 3d. to a rate of 3½d. a mile?—Yes.

576. I think your exhibit JP2 deals with that, does it not?—Yes.

577. This exhibit is divided by a double line down the centre. Are the columns 2 to 5 on the left those relating to the January increases, and the columns 6 to 10 on the right those dealing with the proposed increases?—Yes.

578. One sees that there were increases in ordinary fares in January, from 4 to 12 miles inclusive?—Yes.

579. That brought those fares (such as were not already at 3½d. or higher) up to that figure?—Yes.

580. So there is no need to increase fares except that there is an overlap of the last two 7-01 and 12 miles.

581. The 10 mile fare took an increase of 3d. in January; the 11 mile fare will have taken an increase of 3d. in the combined January and present proposals?—Yes.

582. Let me ask you about the flat rate per mile for ordinary fares. How long is it since the maximum rate has been altered by the Tribunal?—On 3rd June 1962

we raised to our maximum of 3d., which had been granted to us by the order of 1st November 1959.

583. Did you say November?—I beg your pardon: 1st August 1959. The first stage of the increase became operative on 1st November.

584. So back in 1959 the Tribunal authorised an increase to a maximum of 3d.?—Yes.

585. Had the fares at that time been at a maximum of 2d.?—Yes.

586. You having been given that authority, was the margin between the 2d. and 3d. taken up gradually, in stages?—Yes.

587. When was the 2d. increased?—We moved from 2d. to 2½d. on 1st November 1959; on 12th June 1960 we moved to 2½d.; on 1st September 1960 we moved to 3d.; and on 3rd June 1962 we moved to 3d. The fares have not been changed since that date.

588. So over those four years 1959 to 1962 there was a 3d. increase, broadly speaking, in each year?—Yes.

589. But since 1962—that is, for the last four years—have the ordinary fares remained, in the London area, at 3d.?—For 19 miles and over, yes.

590. Of course, the lower ranges have been increased from time to time in parity with London Transport?—Yes.

2 May, 1966]

MR. JAMES HENRY PENTNEY

[Continued]

591. That has brought some of them up to 3d. already, and of course the lower ranges beyond?—Yes.

592. One mile, 4d., for example?—Yes.

593. Mr. Winchester has dealt with the need for additional revenue. Can you give the practical reasons why some additional revenue should in your view be sought from the ordinary ticket holders?—This is an area where we feel we could take some more money to assist our general financial situation; but it also would be helpful to us to have the same rate in the London area as we have in the Provinces.

594. Is the rate now 3d. in the Provinces?—Yes.

595. Since when?—Since February 1965.

596. That is more than a year?—Yes.

597. Does that apply generally speaking (and apart from special cheap tickets) throughout British Railways except in the London area?—Yes; fares are based for the first 200 miles of any journey at 3.25d. a mile, and for journeys longer than 200 miles there is a slight taper in the scale.

598. So the person taking a 100 mile journey pays 3d. a mile today, and in the provinces a person taking a 10 or 20 mile journey pays the same?—Yes, if he takes an ordinary ticket.

599. The Provinces still pay a little more than London under the proposal because of the fractions rule?—Yes, we are bound by a fractions rule in London of 1d., but outside London we elect to use a fraction of 3d.

600. You proceed in 3d. jumps outside London?—Until we get to 200 miles, and then we round to 1s.

601. Is it considered desirable to have a broad and constant relationship between ordinary fares and season ticket rates?—It is always very helpful to have a broad relationship between them so that you avoid switching from one category of fare to another.

602. Although ordinary fares in London have remained stationary for four years, what has happened to season ticket rates during that period?—In this period we had first a 10 per cent increase in June 1963, then a 7½ per cent increase in July 1964 and then this modest 5 per cent on 16th January 1966.

603. That is over 20 per cent during the period?—Yes.

604. In your view have the ordinary fares got out of step with season ticket rates?—Yes; I think too much.

605. And in so far as season ticket holders have been called upon to make contributions over the last three increases, in your view is it just that the ordinary ticket holder should now make some contribution?—Yes.

606. That is all I want to ask about ordinary fares, and I come to something which, judging by what has been said, is controversial, namely the proposal that the Railways Board should no longer be under obligation to issue reduced season tickets to young persons who are gainfully employed?—Yes.

607. What is the present position?—At the present time the fares order requires us to issue half rate tickets to persons under the age of 14.

608. That is the ordinary children's half rate?—Yes.

609. There is no suggestion that should be touched?—There is no change proposed in that at all.

610. What about those over 14.—Then we are required to issue at half rate to children under 16 or, if they are earning less than 25s. a week, at the ages of 16 and 17; and to any other person between 16 and 18 we are required to issue a two-thirds rate. May I add: if we are in fact required to issue season tickets at all.

611. Let us examine that. There are three headings: first of all ages 14 to 16—that is ages of 14 years and 15 years?—Yes.

612. They are entitled under the existing order to a half rate season ticket irrespective of earnings?—Yes.

613. Is there some educational limitation or purported educational limitation?—The order requires us to issue educational season tickets for residential purposes, and the interpretation of educational season ticket is very wide. It says that the ticket is to be used for journeys between the place where the holder resides and the university, college, school or other educational establishment or an institution where he is undergoing training for some profession, trade or vocation.

614. Has it been found practicable to draw any line under that definition between those who are attending, say, a college and those who are at work but who, because they are young, are engaged in learning the work they are doing?—No, it is quite impossible to draw a line on the basis of the interpretation put in the fares order.

615. There are the ages 14 and 15 years. Then the ages of 16 and 17 years you split into two categories, or are required to split into two categories, according to whether or not their earnings exceed 25s. a week?—Yes.

616. If they are earning 25s. or under, they still get the half rate?—Yes.

617. The others, no matter what they are earning, get a two-thirds rate?—Yes.

618. What is it that you seek to do in the amendment proposed?—We say that it is no part of our business to issue cheap tickets—concession tickets—unless there is a commercial justification for it, and for the moment we wish to be confined to issuing half rate tickets to young persons who are not in receipt of any remuneration otherwise than by educational grants (we take no account of that), providing they are attending a full-time course of instruction at a recognised educational establishment as set out in the Education Act.

619. In other words you are not proposing to touch full-time education?—No.

620. Otherwise than by an evening course, after work? That is so.

621. And as regards the others, whether they are apprentices or building labourers (who are supposed to earn quite a lot of money) or whatever they are, do you see any reason why they, being in employment and taking up as much space as anybody else, should not pay the same fare as other persons?—No; we think they should pay the proper price, and if there are some reasons why they should be assisted it is for some other organisation to do it.

622. Is the effect of the present financial structure of British Railways and London Transport this, that in so far as they are not contributing their full share they are being subsidised by the passengers who are?—Yes. This is much the same sort of business as the day return business, travelling in peak hours. We were relieved of the day return business at peak hours at the last hearing, and we suggest this is the same sort of thing, and we would hope to get this additional money.

2 May, 1966]

MR. JAMES HENRY PENTNEY

[Continued]

623. Once upon a time there was a similar theory about workmen travelling at earlier hours in the morning than other persons; they were given favourable rates?—They were.

624. Dating from many years ago?—The book end of the last century; and it took us over 60 years to realise that was not the right thing to do.

625. Can you trace back the provisions about cheap season tickets for young persons into history in the same way?—We have to go back to 1928, when we first had these residential season tickets (as they were then called); we had to give to young persons under 16 years of age the half rate.

626. I have in mind the schedule of standard charges of one of the main line railways, namely Southern Railway Company, as settled by the Railway Rates Tribunal—the ancestor of this Tribunal—in July 1927?—Yes.

627. If I may read what it says as regards passenger tickets in this respect (this is 1927 Statutory Rule & Order No. 451, page 32), the provision is: "Passengers under 16 years of age to be charged half the above rates when the tickets are required for residential purposes only. Passengers under 18 years of age to be charged half the above rates when the tickets are required for residential purposes only, and the salary, wages, remuneration or any other monetary allowance whatsoever (either separately or in the aggregate) of the Passenger does not exceed 18s. per week." That was the condition of the standard terms and conditions for the conveyance of passengers as settled under the Railways Act, 1921?—Yes.

628. That was a half rate, as we see. When did the two thirds rate originate?—Not until August 1947, when the Ministry of War Transport placed us under the obligation to issue two thirds rate tickets.

629. Was that under the war-time regime, when the Ministry controlled the railways?—Yes, before nationalisation, at the time when railways were under government control and run by a railway executive for the Ministry of Transport.

630. Was that two thirds rate subject to the earnings rule of 25s. a week?—No, the two thirds rate was granted to anyone irrespective of earnings. The 18s. referred to in the 1927 order was increased at the same time to 25s.

631. What was the reason for the introduction of the two thirds rate—that was irrespective of earnings, was it?—Yes.

632. —In August 1947?—The best we can make of it at this time, nearly 20 years afterwards, is it was part of government policy to assist in the rehabilitation of industry following the war; it was to facilitate the mobility of juveniles labour.

633. I suppose many of us can cast our minds back to that time. Had there been a considerable dispersal of the population?—Indeed; people were all over the country, and it was part of the help being given to get them back again into peace-time occupations.

634. Were many people travelling to work great distances every day?—Yes, and it is within our knowledge that certain income tax allowances were made for additional travelling expenses. I notice that on my return it still appears, although I do not suppose many people take advantage of it now.

May I add that these orders were placed upon the railway companies and have of course been taken over by the British Transport Commission (now the Railways Board), and at that time they applied to the whole of the country. We are now seeking the removal of the obligation in the London area; we are not required to seek the removal of the obligation outside the London area.

635. There is another aspect: is the road transport section of the public transport industry under any obligation to give reduced-rate season tickets to juveniles in gainful employment?—I have made inquiries of the two principal groups of public service vehicle operators in the country, and I am told definitely there is no general application of a concession to young persons gainfully employed.

636. Many companies give concessions to those who are going to school after the age of 14 (or whatever is their limit)?—Yes, there is an educational five-day, six-day or season ticket, but those tickets are confined to young people going to school.

637. That, in other words, is the system you are now seeking to adopt for the railways?—Yes.

638. So the present position leads to this anomaly, that if a young person lives near a railway station and his work is near a railway station, he gets the advantage but if he has to rely on road transport he gets no concession?—That is so.

639. Can you see any reason for continuing this feature of charging today?—None at all.

640. I think you have seen some statistics which have been prepared by the Greater London Council in the shape of exhibits?—Yes; GLC 1-3.

641. I do not want to take you through them, because I imagine you will be cross-examined about them and I do not want to trespass on my learned friend's province, but may I ask you this: the GLC have given rates for certain types of apprentices in GLC 2?—Yes.

642. Have you in British Railways some knowledge of apprenticeship schemes?—Yes.

643. Do British Railways employ engineering apprentices, for example?—Yes.

644. Would you think engineering apprentices bulked rather larger in the industrial picture than jewellery or hairdressing apprentices?—I think so, although I am not quite sure whether there are so many engineering apprentices in the London area, because our investigations seem to indicate that a very high proportion of our half and two thirds rate travellers are not going to areas of London where one would expect to find engineering works.

645. I think you can give the rates for those engineering apprentices (such as there are)?—I was able to get some information from the Ministry of Labour, that engineering rates for apprentices in March 1966 were at the age of 15 £4 1s. 10d., at the age of 17 £4 19s. 7d. and at the age of 18 £5 15s. 1d. But I do not think that is the end of the story.

646. There is some bonus scheme?—Yes, I understand there are bonus schemes. I think Mr. Lloyd—

647. I was going to say Mr. Lloyd, who, as representing London Transport, employs a number of apprentices, will have the details—I think he has done a good deal of research on this. But I may say that we do not accept that, however low, the level of wage or income should affect the position of the Railways Board.

648. Do you think you would find, among the middle-aged workers, some who were getting low wages in occupations of certain kinds?—I am quite sure that there are very many of our customers who have much greater financial problems than young people own on these low rates.

649. In order to see what the picture was at present, were certain tests made by the examination of application forms for reduced rate tickets?—Yes.

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650. What was the object of these tests or examinations?—We did a very limited test on application forms in the autumn of last year, and examined some 1,500 forms during various periods at various stations in the autumn; because the results of that were what we thought not representative of the whole picture, we did a greater examination in the four weeks ended 28th March of this year, and we actually looked at 11½ thousand of the application forms.

651. That is a very much broader sample (to use statisticians' language)?—Yes.

652. What did you find from your examination?—The first thing that strikes one very forcibly about these 11½ thousand forms is that the overwhelming proportion of them are in respect of two thirds rate applications. Out of the 11½ thousand forms, only 290 were for half rate. But when you then take the remaining 11½ thousand forms, you find that only 4,000 are in respect of males, and over 7,000 are in respect of females.

Included in these figures are 15 two thirds rate tickets identifiable as issued to male apprentices and 11 to females.

653. Have you made a deeper analysis of 5,420 from nine selected stations on the Eastern Region?—Yes.

654. "Selected stations" is your term; with what object did you select them?—We chose stations where we knew we had a high proportion of young people; and since we were able to examine 5,420 forms from those important stations, we thought we were getting a typical experience of the problem. They are included in the 11½ thousand I have already quoted.

655. In these cases where the detailed examination was made, was the object to determine, if possible, the type of occupation followed by these young people?—Yes.

656. In how many cases did the forms enable you to say with certainty what the occupation was?—3,578—being two thirds of all the forms.

May I say the form does not ask you to describe the nature of your employment, but we were able in two thirds of the cases to discover the character of the employment by reference to the title of the firm.

657. So now you have 3,578 cases where you know what the occupation is?—Yes.

658. How is that divided among males and females; is the proportion much the same as over the whole sample?—Again in the selection of occupation there are more females than males by two to one.

659. I can give my learned friend the actual figures, but may I ask you for percentages: what was the highest percentage of occupation?—44 per cent of the 3,578 forms examined produced occupations in commercial and office work.

660. Was there 27 per cent in some other occupations?—27 per cent in banking and insurance; and 18 per cent other clerical workers.

661. That comes out to about 90 per cent.—It is 89 per cent, yes.

662. Have you a proportion for shop assistants?—8·5 per cent. Other manual workers 1·8 per cent, and apprentices 0·7 per cent.

663. Was this an examination of the two thirds tickets only, or of the half rate as well?—The two thirds rate tickets.

664. So there is no question of full-time education?—No.

665. And apprentices are less than 1 per cent?—Yes.

666. The office workers seem to be the great majority. Banking and insurance would be office work, I take it?—Yes.

667. As one would expect in London.—This is our experience, and this is why I said a few moments ago that our observations of these forms indicates that people are going to areas in London where you would not expect to find engineering works; the high proportion of the travellers are going into the City of London, where I should doubt if you would find engineering works.

668. It sounds as though the typical two thirds traveller is a young girl in an office job—a typist or clerical assistant?—I personally went through many of these forms, and I was very struck by the name and address of the employer: Bank of England, Barclays Bank, Lloyds Bank, Greater London Council, Inland Revenue. Insofar as any young person is going for training towards a full-time job—a permanent job—he may be an apprentice or trainee; but I have a suspicion there is much a turnover of young persons in these offices that they do not get very much training and cannot be justified in travelling on a two thirds rate season ticket.

669. By way of reduction ad absurdum, you found that one of the reduced rate season ticket holders took a first class season?—Indeed; and what is more interesting is (although it is not a very big item) that 22 of the young ladies at the two-thirds rate were married.

670. There are many aspects of the changing social scene illustrated. That is the young persons. The other allocation which is now proposed, I think, has attracted no opposition, and that is the proposal to make reasonable charges for the conveyance of excess luggage over and above the free allowance, instead of the elaborate scale at present appearing in the scheme. The existing scale takes up three pages of the existing order?—Yes.

671. It proceeds in gradations of 1 lb. ?—Yes.

672. And distances in units of 15 to 30 miles, and 30 to 50?—Yes.

673. Is there any utility in your view in retaining an elaborate maximum price provision for excess luggage at the present time?—None at all.

674. Is there any appreciable quantity of excess luggage carried in the London Region?—In the London area it is about £1,500 per year.

675. On what sort of trains is that mostly?—On boat trains going to London Docks.

676. What is the free allowance?—400 lbs. second class.

677. In this day and age is it practicable to have an elaborate weighing of passengers' luggage at a busy suburban station, and a calculation, with reference to so complicated a scheme as this?—I do not think much of this traffic arises at suburban stations; it is principally the terminal stations. But it is a very expensive way of handling the business, and those wretched weighing machines are a nuisance at peak hours nowadays.

678. You have to have one at every station?—If you want to charge excess, you have to have one at every station.

679. You are seeking permission to make a reasonable charge?—Yes.

680. Can you give some indication of what you have in mind?—At the present time we are charging outside the London area 2s. 6d. per 10 lbs. or part thereof. That

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came into operation on 2nd January. We have had no reaction from it, and we would propose to do the same in London.

681. Irrespective of distance?—Yes.

682. And proceeding in gradations of 10 lbs.?—Yes.

683. You said the revenue in London was about £1,500 per year?—Yes.

684. How much of that is boat trains and how much not?—I do not really know, but I should think the whole of it was boat train business—and that is a precarious business because we have no control over the number of ships coming into London Docks; that is why the revenue could disappear tomorrow.

685. You are not putting in your tables any yield from this change; you do not expect any net yield?—Yes.

686. Would there be any saving?—There will be an important saving in production of documents for station use; we shall not need to supply stations with a scale, as we do today; it will be easier for the staff to make the transaction with the customer—a simple ticket will suffice.

(Mr. Fay): Now I want to come to yield.

687. (President): Before we pass from that, if you are going to make a saving, you are getting a fairly large increase in what you are charging, are you not?—Yes. Perhaps I should explain first that although there is the maximum scale laid down in the order, we are not charging this scale today; we are about 12½ per cent below. It does mean there will be some substantial increases if you have small weights—and indeed large weights—but we feel that the service which is given is worth a very simple charge of 2s. 6d. for 10 lbs.

688. (Mr. Fay): And of course the free allowance was 100 lbs.?—100 lbs. second class and 150 first class. A good deal of this business of course arises on first class travel.

689. Outside London?—No, inside London.

690. On the boat trains?—Yes.

691. As the board points out, you are going to charge half a crown for 10 lbs. whereas the excess charge under the present scale is 4d. up to 15 miles?—Yes; that does not pay for the lead in the pencil that the excess luggage collector uses.

692. It does mean that the traveller takes a pound or two in a brief case, and someone could take 100 lbs. or 150 lbs. for 2s. 6d.?—For fourpence.

692a. I shall certainly submit it is not a bad bargain. Is there any real widespread use of it?—No, £1,500 a year revenue in nearly £40m. shows how small it is, and it is only for the purpose of being rid of three pages in the Fares Order, which do not serve any purpose, providing information to stations—there are over 500 of them—and if it only means one page in the Book of Instructions we have to keep our eye on it, to keep it up to date. All the staff have to be informed, and, because of the changing names of our staff, these things are very difficult to follow up. So the administrative economy is worth having, coupled with the fact that the change is hopefully out of date in any event.

692b. I want to turn to yield as shown in your table, but before that, I want to ask a question about a matter already ventilated, and that is the performance in 1965 as compared with the forecast made at the last Inquiry. I think it has been said that the forecast was about £1m. optimistic?—Yes.

693. Is that approximately right?—Yes.

694. Was what you have called the forecast, made last time, a firm forecast?—No, it was based on traffic in 1964 which rather surprised us. There was a certain amount of buoyancy about the traffic, and I think probably we were led to be optimistic in thinking this might be the "turn of our fortune," but Mr. Dickson, in his evidence in 1964, did explain there were a number of factors, some of which were temporary and some of which were permanent, that had affected the traffic situation in 1964. I think when we were doing this, had we got the benefit of hindsight we would have said we were far too optimistic.

695. Yes. Mr. Dickson said that 1964 appeared to be better than what he called the "dull" year of 1963?—Yes, and I think 1965 could be described perhaps as a "dull" year, similar to 1963.

696. Can you summarise, in your view, what are the reasons for the revenue falling short of the forecast made with some diffidence?—I think we were perhaps inclined to be a little too optimistic and carried away with the enthusiasm of the 1964 traffic, but it is quite clear that there is a definite movement of travellers to reside outside the London area, and to some extent to reside further out within the London area. I believe it is true to say there are few jobs in the Central area today, which could be the effect of the Location of Offices Bureau.

697. It is Government policy, is it not?—Yes.

698. And part of the object of the policy is to shorten excessive travelling time?—It is indeed.

699. Is that part of a Government policy which does not find favour with you?—I do not know whether it finds favour with us or not; I personally live quite a distance out of London, and I know why these people go out. They do like most people, when they want to cut their costs, weigh up the costs of their housing within a given area and the cost of transport, and they find there is an advantage in moving out, in order to get cheaper housing, better amenities and facilities, and providing it balances with their travelling costs, they are in pocket.

700. That accounts for people spilling over the London boundary and getting outside the London area?—Yes, there is a movement of people living, for example, in Orpington or Sevenoaks who shoot down to the coast, and then people living on the south side of the river move out to the vacant lots in Orpington and Sevenoaks.

701. The Government policy we were discussing was tending to re-allocate industry, one of the objects of that being to shorten excessive lengths of journey, and that would of course affect your revenue, would it not?—Yes, except of course we find that this has been part of Government policy for the last 20 years—the creation of the New Towns. It was thought that we should have everybody working happily in the New Towns, with the factories on their doorsteps, but this does not happen. It is all right for father and mother, they can be located there, but the children are attracted by the "magnet" of London, and they must necessarily travel, and the same thing is happening with the dispersal of the population, unless you can get them beyond the commuting distances.

702. That is satisfactory so far as the short term view of revenue is concerned—that is preserving your revenue?—Yes.

703. Of the factors which tended to depress revenue in 1965, one you have indicated was the movement outside the London area. Do you think it is as broad as it is long, that the people who move out who were lost were replaced by those who came in to the vacant houses?—I do not think so, not entirely because there are fewer people moving into Central London Area today. The evidence goes to show that the travellers at the main line stations at the peak hour tend to fall and in the same way,

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[Continued]

although the use of private cars is another important factor in it, there is also a tendency for the number of private cars coming in to the centre to steady down so that with the development of the Location of Offices Bureau the movement out of the population is to find cheaper rents and still the private motor car is with us. These are the principal factors which affect the commuter traffic in 1965.

664. To put it in concrete terms, new business centres are springing up in places like Croydon, which means there is a great deal of movement 7—Yes.

665. Would that have an effect on your revenue if people find a job in Croydon instead of one in the City of London?—Yes, it has an effect because it will shorten the journey time of those people. Even when Shell moved their building to the South Side of the river that must have had some effect on London Transport. It certainly had on us. They went in to the matter very scientifically in choosing the site, and it was demonstrated that there was great economy to be made in travelling time by locating on the south side of the river.

666. Were there other factors in 1965, other than these rather broad, long-term factors, which depressed that year?—We had some difficulty on the Southern Region with the "go slow" movement amongst the motor men, which did not help very much. The weather was pretty shocking I think in 1965, and although those two factors do not affect the commuters, I think to some extent they did affect the optional traveller.

667. Now may I come to your table JP 5, which gives your forecast on this occasion and shows your estimates of the yield. This is in a familiar form and do columns 3 and 4 show the yield expected from the increases which are already in force?—Yes.

668. One sees the yield of the ordinary fare increases otherwise than on Fenchurch Street line next, is put at £700,000. That is the bringing up of the lower mileage rates in conformity with London Transport?—Yes.

669. The Fenchurch Street line is estimated to bring in £140,000 at the London Transport rate?—Yes.

670. And season tickets net £560,000?—Yes.

671. Your forecast for the year upon which these figures take their effect is shown in column 2, is it not? That is your basic forecast before any increases?—Yes.

672. And adding the net increase to the forecast do you reach the figures in column 5?—Yes.

673. The net yield thus being shown at the bottom of column 4 after clearance is £1,309,000?—No, I think there is something wrong there.

674. It should be £1,300,000?—Yes; there is a blob on the screen.

675. That brings the forecast for this, after the January increases, to the amount shown in column 6, does it not?—Yes.

676. Do you then, in the final three columns, examine the yield of the further increases which are proposed?—Yes.

677. As we know, they are two in number: The increase in ordinary fares, that is the farthing above ten or eleven miles. Do you expect to bring in £380,000?—Yes.

678. And the season ticket increases, that is your figure in column 8 of £400,000 net; that is wholly the juveniles, is it not?—Yes, and that is explained in our little box at the bottom.

679. Have you given details of the way in which that is made up in the box at the bottom of the table?—Yes.

680. I think that is self-explanatory, and have you indicated the discounts which you have applied in reaching net from your gross yields?—Yes.

681. (President): Have you ever looked back on previous cases to try to discover to what extent these assumed losses have worked out in practice?—Yes, Sir, and this is why we had some different figures this time, as indeed we have had different percentages before. One of the factors that affects the position on the rate of discount is not only the experience of the previous increases, but the area in which the increases will be felt. For example, in column 4 today we are showing ordinary fares net £700,000 with a discount of 3 per cent, which is rather different from the discount we showed on the previous occasion, but this time it only affects just over nine million pounds worth of the total business. Of course, the amount of the increase is not so substantial as it was, for example, on the last occasion.

682. Have you been able to discover from the results to what extent your estimates on the last occasion proved to be right?—Not if we take every section of the business, because it is very difficult to know when you change your ordinary fares what effect, or how much effect that has on your season ticket revenue. You may remember Mr. Dickson had some difference in offering figures last year. It is quite impossible for us to say that they were achieved. We know in total that they were not, but we cannot identify the parts.

683. If it is difficult to discover what effect increases had in the past, it must be even more difficult to estimate what effect they are going to have in the future?—This of course is the great problem we are beset with. I think it has been said on many occasions by the witness for the Board that this is a matter of judgment and you only arrive at this judgment by knowledge of the business, by the feel of the business, supplemented of course by the intelligence which you get from the Divisional Officers in the Regions, so we really arrive at these discounting figures by the sum of the knowledge of so many people, with all their variations, which brings it out to something like this, and in the end the total figure (except for such disturbances as took place last year in the total figure), but it generally comes out about right.

684. (Mr. Fay): Last time was there a particular difficulty in costing where the day return traffic was going to go—whether it was going to take seasons or full rate returns or cheap day returns?—It was indeed a very great difficulty, and we had to do some very quick calculations over night. Since then I have had a word with my colleague Mr. Dickson, and he reminded me he had said he approached this matter with some diffidence, and he thought if you were 5 per cent out one way or another with such a distribution it would not be bad. Well, I do not know whether we are 5 per cent out one way or another, but what I do realise is that we were a little too optimistic in attributing to the season tickets such a proportion as in fact we did. I do not think that there was the amount of day return business that could convert to season tickets.

685. Actually your reduced fare revenue was up on forecast, was it not?—Slightly.

686. Which may mean in fact that the day return people waited until after half past 9, or whenever it is?—I think it is evident there was more optional travelling amongst the day returns than we thought, and to that extent, of course, they now take off-peak tickets because if you will recall, we did ease up the restrictions on off-peak tickets. We issued them in other direction when we took out the day return, and so all this must result in a diminution of our revenue. It is obvious now we did not pay sufficient regard to the amount of the diminution.

687. That was an exercise rendered difficult by the abolition of a class of ticket, namely the statutory day return?—Yes.

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688. Do you consider it easier to make a forecast, or perhaps less difficult, when dealing with an ordinary established fare like the 3d. ordinary fare, and consider what the effect is of increasing it?—Yes, I think this is much easier to handle than when you are taking out completely one type of ticket. We have very little difficulty in season tickets; the hard core of the season ticket business is still there, but it is when you get in to this optional field that you are up against the difficulties.

689. One final matter: Despite being optimistic and apparently unjustifiably so last time, have you allowed in your JP 5 for some slight increase in trend to show its effect this year?—Yes; it looks as though we have been optimistic to the extent of something about 4½p.

690. The figure in column 2 of your forecast at the old fares before clearance is £39,196,000. Do these same fares obtain throughout 1965?—Yes.

691. What was the total revenue before clearance in 1965?—£39,480,000.

692. You are assuming there is to be a small increase in 1966?—Yes, £280,000.

693. If the weather stays like this, perhaps you will

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697. I want to ask you a certain number of questions about the Fenchurch Street line, and would you be good enough to look at JP 5 to begin with?—Yes.

698. Special provision is made in estimating the revenue and increase in revenue in respect of the Fenchurch Street line?—Yes.

699. One sees that the estimate in respect of the increase in fares for that line is put at £140,000?—Yes.

700. I notice no discount is applied in respect of the Fenchurch Street line as opposed to any line. Why is that?—The increase, of course, do not exceed 3d.

701. Does that mean you do not expect any loss of revenue on that line?—I do not think there will be a significant loss, if there is any.

702. Is it not the fact of passengers being more or less committed to travelling long distances—and when I say "long distances," travelling largely up to London and back again—which is the basis of that assumption?—Yes.

703. It is?—Yes.

704. The next thing is the actual fares on the Fenchurch Street Line. I do not know whether you were here when the London Transport Board's Application was put, but I put a certain number of questions to the witness there, and it emerged that I should have put them to you.—I heard part of the evidence of Mr. Lloyd, but I do not recollect the essential questions.

705. The exhibit is JP 1 which I think you have there?—Yes.

706. The position is clear now, I think, in view of what Mr. Lloyd said about it. What you have done is to impose upon the passengers on the Fenchurch Street line what one may call the normal scale charges applicable to London Transport passengers?—We have applied to do the same as the London Transport Board in our scale on the Fenchurch Street Line.

707. Really it is the London Transport Board's scale, is it not?—It is a scale similar to the London Transport; it is not the London Transport Board's scale.

708. Are there any differences?—There are no difference in the amount shown in it.

find the law of average will even it out?—We may have been too pessimistic.

694. (President): Since you are now to these proceedings, at any rate as a witness, I wonder whether you could give us your views on the matter we heard about previously, namely, although an increase in fares produces an initial loss of passengers, gradually they come back again. Do you agree with that?—Yes overall I think that is true.

695. Have you got any view as to whether the subsequent increase is due to the old passengers coming back or being replaced by new passengers?—I think there is a mixture. There will be some new passengers coming in, and there will be some of the old passengers coming back again. We do find that the first impact of an increase is to immediately get the car out, but then, when they find how difficult it is to get a parking lot near their place of work, they have to accept that the car goes back.

696. On shorter distances, you think they may be prepared to walk at first, and then they get a bit tired of it and come back on the first wet day?—Yes, but we are not so much affected by shorter distances, except of course there is a tendency for passengers to motor into a station nearer London instead of their own station, and so save a few miles at the higher rate of season ticket.

709. Therefore the percentage increases helpfully shown in the last column are correct?—Yes.

710. They are the type of increases which would apply elsewhere, as far as London Transport was concerned?—Yes.

711. And the basis of the increase, as far as the Fenchurch Street Line is concerned, is a totally different basis of increase than that which you have applied over the rest of your lines in the London Transport area?—Yes.

712. It follows therefore—and this is one of the results of having two systems of traffic (and I am not concerned with which is the better scale but merely the fact that there are differences)—that persons travelling, for example, on the British Railways' line to Liverpool Street from say, Harold Wood, have attributed to them a scale of charges which is one which we can see is based on JP 2. It is the ordinary scale of charges?—Yes.

713. I mention that line, because in the area with which I am concerned, I think that is the only exclusive British Railways line with which the Tribunal is concerned, the one out of Liverpool Street going towards Harold Wood and Romford?—Yes.

714. So that we can see the results of the discrepancies between the two systems from a practical point of view, Harold Wood is 15 miles from London?—That is the chargeable distance.

715. It is fractionally over 15 miles, I think, but it may only be fractional?—I thought it was fractionally under.

716. It is regarded as a 15 mile journey, and the proposed fare for that journey at 15 miles is 4s. 1d.?—Yes.

717. Whereas if one takes your Fenchurch Street line, the fare from Elm Park would be 15 miles—it is 14s. 7d. 6s. 6d.?—Yes, Elm Park would be, but I think that Harold Wood is 16 miles chargeable because it is fractionally over the 15 miles distance. However, I do not mind if you take the two stations at 15 miles.

718. At all events, Elm Park is 15 miles, and the charge for that is 3s. 7d.?—Yes.

719. I did ask Mr. Lloyd a question or two about this matter, and I ask you the same question: In considering

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the charges of Fenchurch Street line he told me that the London Transport Board did not consider what might be described as the "guiding light" or the norm of a 3½ per cent increase in prices recommended in respect of goods which people produced, by the Government, and no consideration had been given to that matter by the London Transport. I wonder whether any consideration had been made of it by you?—No, we did not think anything of the 3½ per cent guiding mark, because we did not think it was appropriate in cases like this.

720. Why not?—I just do not see how you could apply 3½ per cent to passenger fares.

721. What would be the difficulty about it?—The difficulty would be that we should not get our money.

722. There is, of course, the other matter, the other aspect of it: I quite take your point that 3½ per cent increase overall would not produce the revenue?—No.

723. Taking that point, a uniform percentage increase agreed as amongst all passengers, would that matter warrant consideration?—You would have to take into consideration the weight of traffic on each of the miles to which you wanted to apply this fixed rate of increase, and our experience is that we get rather more money from the medium and longer mileages than we do from the shorter mileages, although I hasten to say that the short mileage business so does bring in a certain amount of money, and that is why with fixed amounts being added at each fare you are bound to get some variation in percentage, but the test is always: Does it bring you in the necessary money to meet your expenses?

724. One notices in fact that when one looks at your second class season ticket rates on NP3—there is only the one page there?—Yes, we only show it to 40 miles.

725. The variation in percentage increase there at different mileages is within much smaller limits than the variation taking the ordinary standard single fare?—Yes.

726. Is there any particular reason why the variations are confined within a smaller compass?—The aim that we set out for when this scale was first produced was in the conditions obtaining early last year when we estimated that 5 per cent or thereabouts, of the season ticket business could be applied and would produce, at that time, what we thought would be sufficient to meet our financial commitment, and so we took the opportunity with 5 per cent as the "guiding light" to strengthen out the progression in the scale, which results in our getting this variation between 2.04 per cent and 6.12 per cent.

727. What you have done is to attempt to smooth out a curve?—We have smoothed out a jagged line.

728. Very well. From a practical point of view, was not that a possible method of approach with ordinary single one class fares?—I would like to do it, if we had the right rate per mile.

729. It follows from what you say it might have to be a higher rate?—Indeed.

730. One matter which those in my area are concerned about from a revenue producing point of view about which I should like to ask you is this: I think your view with regard to concessionary tickets, as you have expressed it today, is that the only justification for them is insofar as they do produce additional revenue?—Yes.

731. Of course I think it is right to say that on nearly all lines going into London, operated by British Railways, there are concessionary day fares, are there not?—Off-peak tickets, yes.

732. The only line to which that does not apply is the Upminster Line, is it not?—Yes.

733. Has any calculation been made as to how much revenue has been gained as a result of doing away with the concession which did once exist?—I am rather doubtful about the concession that "once existed."

734. Were there not, before January of this year, off-peak tickets on the Upminster Line?—I do not think so.

735. Because it may be a matter that can be gone into a little later when enquiry is made, but my instructions were there were such concessions until January of this year, when they were done away with?—I will certainly have some enquiries made about that, but I have no impression of off-peak tickets on the Fenchurch Street Line.

736. The next matter I want to turn to is the question of the concessionary fares for young people. I am not going to survey the whole field because my learned friend Mr. McKoy, if he is not there this morning, is going to deal in substance with this matter, but there are certain aspects of it which I want to take up with you?—Yes.

737. I particularly would like to ask you about the concessionary fares relating to persons earning 25s. a week, or less. I am not sure: Are you able to give us any figures, as far as British Railways are concerned, for the number of persons who claim that concessionary fare?—Well, you know it is a very difficult matter to be precise about this, but the best estimate I can make—and I have had this checked by the two principal Regions handling the passenger business in London—we think at any one time there are current in the London area about 9,500 at half rate tickets, and 14,500 at two-third rate tickets. That population, as you know, is constantly changing.

738. And the half-rate rate, does that include persons wholly attending educational institutions?—No, if they are in receipt of any remuneration up to 25s. whatever their age—16 or 17—they would get the half rate, but if they are not receiving any remuneration they get the half rate anyway.

739. When you gave me the figure just now of the number of half-rate persons, I did not take it down, but I think you said 3,500?—Yes.

740. Was that including persons who were getting a half-rate ticket because they were at an educational institution or confined to persons earning less than the 25s.?—It is confined to persons earning less than 25s.

(Mr. Fay): Barring "less" or earning "nil," because there is the possibility of ambiguity there. Are you saying they are earning something between a shilling and 25s. or not earning at all?

MR. (Mr. Parker): I am seeking to draw a contrast between those who are earning a penny, if you like, and 25s., and those who are not earning anything at all—I cannot tell you what is the distribution by way of income.

742. I follow that.—But all these people will be in some form of employment.

743. Some form of employment, but earning not more than 25s. a week?—Yes.

744. And the total number affected is, as far as your calculations can go, something in the nature of 3,500?—Yes. That of course can change, and I must ask you not to take this as the actual figure, because we may have taken a very bad period to do the test.

745. From a revenue producing point of view, the removal of the concession is minimal as far as British Railways is concerned?—Well, it brings us in, we estimate, about £90,000 a year, which is very useful money.

746. This 3,500 will produce an additional £90,000?—Yes, and that is allowing for the 10 per cent loss.

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[Continued]

747. That is still a very very small sum in the overall revenue of British Railways?—No, I do not think so. It is certainly a better figure than the £1,500 on excess luggage.

748. Certainly. The next matter I wanted to ask you about was in relation to the concessionary rates for people earning less than 25s. a week. You tell us that that figure of 25s. a week was only I think fixed last in August, 1947? Yes.

749. It was done with the purpose of encouraging a degree of mobility of labour?—I suppose so. I really do not know why they fixed on 25s. to replace the figure of 18s. in 1937.

750. It may have been—I do not know—a question of the change in the purchasing value of money between the one date and the other?—It might have had some relation to it.

751. I have not done that calculation and it would be quite easy to do but I have done a calculation for the decrease in purchasing value of money from 1947 to the present day, and the Pound purchases precisely half of what it did in 1947. What I was wondering, you see, is this—and it is a matter which I shall be addressing the Tribunal upon: I do not know whether you have given any consideration—perhaps the answer is “no”—do what the effect would be of in fact increasing the 25s. 0d. to a higher figure in relation to the concessionary rate?—Of course, the first effect of that would be to—

752. Produce a loss of revenue.—Produce a loss of revenue.

753. I follow that. I suppose your figures are not able to indicate, supposing the rate were doubled from 25s. 0d. to 50s. 0d., what the loss of revenue might be?—No, I am sorry, I could not tell you that. But in any case, whatever the loss was, I say we cannot afford it. What applies to the apprentice rate of £4 11s. 0d. a week equally applies to this 25s. 0d. It is not our job to provide subsidised categories of travel.

754. It is a job which you have been carrying on for a good many years now.—Yes, and as soon as we get the opportunity we make application to be relieved of it.

755. I do not know what that means. Does it mean that in some future year you will make an application in respect of persons receiving full-time education?—It could be.

756. You gave us a breakdown of some figures in respect of certain scheduled stations. You remember in answer to Mr. Fay telling us about, I think it was, 10 selected stations where a detailed analysis had been made.

(Mr. Fay): Nine.

Cross-examined by MR. KERNE

765. Mr. Pentney, the Local Authority for whom I appear are concerned solely with this issue of season ticket concessions and I want to deal, first of all, with the position about apprentices. The surveys you have done show very few apprentices, but in fact the application form for these reduced rate season tickets has nothing on it which will indicate whether a person is an apprentice or not—That is so.

766. And you have arrived at this purely by looking at the place of employment and the nature of the employment, the name of the employer?—And being able to identify in a very large number of cases what is the nature of their work. So by a process of deduction, together with some visual observation, we are able to arrive at some minimal figure of apprentices.

767. I am intrigued to know what you mean by a “visual” indication?—If it says on the application form that the young person is going to attend the apprentice

(Mr. Parker): I am sorry, nine.—Yes, nine stations. I could give you the stations.

757. It might be convenient if you read out the list, because it may be other persons will be interested to know.—The nine stations we took were Ilford Town, Lower Edmonston, Highams Park, Ilford, Romford, Harold Wood, Barking, Rainham, Dagenham, Heathway.

758. I am impressed to see a number on the Upminster and the Fenchurch Street line.—We looked at Barking, for example, where of 644 forms, 194 were males and 450 females. At Dagenham Heathway, out of a total of 1,317 forms, males were 509 and females 808. The interesting feature that I am sure you would like to know is that the odd first-class traveller was in respect of Barking.

759. For the Bank of England?—I should think so, or the G.L.C.

760. Are you able to tell us, in respect of those two stations, how many apprentices are concerned?—No, we have not got an analysis of those two stations. You see, with this block of 5,000-odd forms there were only 14 male and 10 female apprentices. That is out of 5,000 forms from those stations, but I cannot tell you whether they were at Barking, Dagenham, or whichever station it was. But it is so small you see.

761. I suppose, similarly, it is difficult for you to say the distances that they were travelling or whether they were all going to London or some intermediate place along the line?—We have no information on that, but, as I say, the general nature of the occupation of these young people and by observation of the addresses shown on the forms indicates that the overwhelming proportion of those who went at the two-thirds rate are going into the central area, roughly the area covered by the Inner Circle.

762. It may be that you can help us about this. I may have misunderstood the position, but I thought the figures you have just been referring to related to the two-third rate—I beg your pardon, yes, the two-third rate.

763. I was wondering whether, in fact, there was any distinction in where persons were travelling to between the half-rate and the two-thirds rate.—Well, you see, the half-rate was so small that we have not done the same exercise with that as we have with the two-thirds. So I am sorry, I could not tell you.

764. One takes your point as to the fact that a considerable number of young people are applying for the two-thirds rate, but as to apprentices or people of that kind, persons under-going some form of industrial training, who might qualify for the half rate, I wondered whether you had any figures as to the distances that they travel, or where they were going, or anything of that kind?—No, I am sorry, I have not.

school of Messrs. X.Y.Z., then obviously he is an apprentice, or you expect so.

768. But there may be persons receiving training, for example clerks, who would be travelling to one of your education institutions in the City.—Yes.

769. They are not all intending apprentices.—Oh no. You see, “apprentice” is not mentioned anywhere in the Fares Order. It has only been imported into this discussion by the Objections.

770. That certainly is so. So there could be a number of young persons receiving a training for a profession, trade or vocation concealed in these statistics that you have not fully appreciated?—This is where we start with this. This clause in the Fares Order is capable of so wide an interpretation that if you asked me any question about any individual attending some place or institution for a course of training I could not deny it.

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[Continued]

771. I gather, then, the reason why you wish to remove the concessions for apprentices and other persons undergoing training strictly so-called is that you wish to remove the concessions for young persons ordinarily employed and, therefore, the concessions to the apprentices have to go as well?—Yes.

772. The result of this, of course, is to discriminate against young people receiving a practical training as against those receiving a purely academic training in an industrial institution?—No, we are not discriminating at all.

773. You are drawing a distinction.—We are distinguishing between people, at the moment, who have no income and people who have income.

774. A young person may be training for his employment just as much in a school or other educational institution as he may in a place where he receives some training as an apprentice.—Yes.

775. Let me turn, then, to the position of the ordinary young employees. Is the position that the Board wishes to surfeit the concessions to this category of persons because of the evidence which it has discovered about the income of these people?—No. We did not make any enquiries about income until we realised we were going to face some questions, and then we began to examine the situation. We made up our mind on a principle, and the principle is that we will not give concessions unless there is commercial justification for them.

776. Surely, Mr. Pentney, the amount of the traveller's income is going to affect his reaction to your price increase?—It may well do that, but we have taken that into consideration.

777. But it is a fundamental point to be taken into consideration.—We have taken it into consideration.

778. Are you producing any evidence about the incomes of ordinary young employees?—No.

779. Can I put to you the figures which I shall be producing. Thurrock Urban District Council have come up with figures as follows: For a girl of 15, the starting rate is 25 to 26; for a girl of 16, 46 to 47, and for a girl of 17, 48. For boys the respective figures are: 43 to 44, 46 to 47, 47 to 48. Do those figures agree with your latest surveys of the situation?—We have not made any survey of the incomes of these young people.

780. I am sorry, I thought you said you had looked into this.—No. What we have seen, of course, is newspaper advertisements which suggests that there are other benefits besides the starting rates, and in some cases, of course, the starting rates are pretty good. I saw a Bank of England advertisement the other day for young women aged 16 to 25 starting at £349 aged 16. If you want to take it under the plane of earnings, surely that person should be paying the full season ticket rate; but I do not take it under that plane at all.

781. Are you suggesting that was a typical income for a young person?—I do not know whether it is typical. There is the advertisement for the Bank of England.

782. We shall be producing figures of typical incomes for these categories of persons. Are you telling the Tribunal that the Board are putting forward these proposals and are calculating the expected loss of traffic in this category of people without having gone into the amount of wages which they are receiving?—Yes, because it is no part of our business to take into consideration the amount of any person's income. What we have to do is speculate on what they will do when faced by the full season ticket rate, and we have put a judgment on that by saying it is 5 and 10 per cent according to the category of fare we are using.

783. Let us pass to that. That is the biggest discount anywhere on Table 5, is it not?—Yes.

784. Will you tell me how you arrived at that figure?—You mean the half-rate is the biggest discount?

785. The 5 and the 10 per cent. How did you arrive at those figures?—By a consideration of a number of factors, the most important being the length of the journey. Most of these journeys, we can see, are in the sort of the 10 to twenty-five miles or thirty miles range and a high proportion of them come into the City of London. That is the sort of journeys that are into London. Perhaps it is a little more than ten, but basically it is between 10 and 25 miles to 30 miles. That is the most important consideration.

786. But no survey of typical earnings.—No.

787. In trying to assess, as I think you said you did, the reaction of young persons to this exercise, did you consult any organisation concerned with their employment, such as Youth Employment Services?—No.

788. This is an entirely new situation, is it not, trying to estimate the reaction of passengers on the removal of a concession of this sort?—No, we always have to do this. We have done it on many occasions, particularly in the last couple of years. We have not always been right!

789. It is a very big increase for a young person, is it not?—I suppose a 50 per cent increase in his payment for travel is going to be a "big" increase to him.

790. The increase which you propose in the ordinary season rate I calculate to be somewhere in the region of 4 per cent.—It is about 4½ to 5 per cent.

791. And the increases here, as you say, are 50 per cent in the one case and 100 per cent in the other.—Yes.

792. It is not ground over which you can tread with great confidence in estimating the reaction of the public, is it?—It does depend, of course, what your base figure is. If you are talking about 50 and 100 per cent in terms of pounds, then it may be a lot; but if you are talking in terms of shillings, it may not be so harsh. It is then for the customer himself to decide in relation to his own income and expenditure.

793. You would presumably like to know in advance which he is going to decide?—It would be very helpful if he would tell me what he was going to do, and for how long he was going to do it.

794. Taking travellers from the part of the country which I represent, taking for example Grays, on the journey from there into London at the moment, a weekly season costs £1 6s. 10d. half rate and £1 7s. 10d. two-third rate.—I am not prepared to answer any questions on fares in Grays.

795. Why not?—It is not within the jurisdiction of the Tribunal.

796. What about South Ockendon?—I am prepared to answer question from Ockendon.

797. I will take South Ockendon, then, and I will put the figures to you again: half-rate travel for a weekly season is £1 6s. 10d.—Shall I take your figures as being true to date, or do you want me to check them?

798. We have not deliberately tried to distort them. At two-thirds rate it is £1 6s. 10d. Those two fares, roughly £1 and £1 7s. 10d., would be increased to the present full rate of £2 0s. 3d.—Yes.

799. That is an increase in the one case of 2½ and in the other case of 13s. 0d.—Yes.

800. Do you not think that is quite a big increase for a young person earning £6 10s. a week?—I am not in a position to judge.

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[Continued]

802. But you are surely trying to make some sort of judgment on the reaction of your passengers.—Yes.

803. I must put it to you that in fact the 5 per cent discount for loss of traffic is in fact too low.—You may

Cross-examined by Mr. MARCZA

804. I would like to ask you a few questions, if I may, following the questions put by the President in respect of discounts. You do remember that you did tell us that the season ticket travel tended to be more stable than other categories of travel?—Yes.

805. And the discounts proposed can be more readily calculated, can they?—Yes.

806. On this occasion I see that in JP5 the discount is estimated at $1\frac{1}{2}$ per cent; is that right?—Yes.

807. Am I right it was $1\frac{1}{2}$ per cent in 1954?—Yes.

808. I do not seem to have the 1963 figure, I do not know whether you have it in mind?—No, I am sorry, I have not.

809. What I was going to ask you was: have you made any calculation over the period of years as to the total of these discounts?—No.

810. You cannot, then, say whether your season ticket travel has or has not dropped in accordance with your calculations of discounts over the period of years?—The money seems to be improving every year.

811. It would be of more use to the Tribunal if you were able to give us some history of these discounts in relation to travel such as season ticket travel in order that we can judge how far your estimates are likely to be accurate or not.—Well, of course, you know there are so many factors in arriving at these discounts that I am wondering whether an exercise would be very profitable.

812. The figure which we start with, in this case £18,650m, is the forecast taking into account all the variables which affect traffic generally. Is that so?—Yes.

813. Then when we add, as in the case of the season tickets, the £350,000 gross yield and reduce that to £260,000 net yield, the $1\frac{1}{2}$ per cent assumed loss of traffic is solely related to the fares increase as such, is it not?—Yes.

814. So that if we wish to consider whether or not you will get £360,000 we do have to consider, not only the passenger resistance and so on in relation to the proposed gross yield, but variables in, in this case, the £18,650m.—Yes.

815. You did tell us this morning that you have had regard to matters such as, first of all, your over-optimism last time; is that right?—Yes.

816. Consideration of movements inside and outside the area and the difficulties in respect of "go-slows"?—Yes.

817. And the weather difficulties.—Yes.

818. Have you evaluated these four movements, or differences, or variations?—I have not put a price on each one.

819. You have not?—No.

820. So that it is just a sort of hopeful stab in the dark to some extent, is it?—Well, yes, you cannot be precise about these things; but it is an accumulation of such matters, the weight of which is indefinable, which leads us to say there is the difference between the expected and what we have achieved.

be right, I do not know. I would not like to swear to 5 or 10 per cent, but from the best information that I can get, from my own knowledge of London, from the help I have had from the Divisional Managers, particularly in the two regions that bring in most of this business, we reckon that these two percentages are about right.

821. If we approach the matter in that way, some of these factors, one might hope, would be quite seasonal, would they not?—Oh yes.

822. In other words, you would hope, I presume, that in a future year you would not have the "go-slows" to the extent that you have had in the Southern Region.—We hope so. I also hope for better weather too.

823. That is what I was going to put to you. Can we go so far as to suggest that if we take your base figures to get the gross and net yields in relation to the discounts as such, the difference, if any, might be hoped to be rather up than down?—It could be. We hope it will be.

824. If I could now turn to the last item on your JP5, and that is the clearance item. Is this the total payments made to London Transport, or is it the balancing item?—This is the net difference between us.

825. This is the balancing item?—Yes.

826. Does it include any figure in respect of season ticket travel extended from British Rail on the Underground, or do they have to buy separate tickets?—This includes the division of receipts for through tickets from London Area British Railways stations to the London Transport Board.

827. Are you able to say what that figure is?—I am not sure, but I think season tickets are the larger part of it and I think it is—and I have got to guess—about £14m, something like that.

828. Is there any proportion of this sum which is in respect of non-London passengers?—None at all.

829. You have done that calculation, have you?—Yes, absolutely certain. That is why you will find the difference between that and the one shown in the London Board statement. The difference is that they take the lot and on some of them they are out of pocket.

830. Is there anything in it in respect of British Railways personnel and their families travelling over London Transport lines?

(Mr. Fay): Do you mean on passes?

831. (Mr. Mercer): Yes.—Oh, no. But if a British Railways employee travels on a service from British Railways to London Transport on a through ticket, there is some proportion of that price shown in this clearance.

832. Are you able to say that these personnel are wholly employed on passenger duties wholly connected with London area passengers?

(Mr. Fay): I do not follow the question. Are you asking about British Railways employees who buy tickets, or about those who travel on free passes, or what?

833. (Mr. Mercer): I was dealing with the question of terms, and whether this figure of clearances includes any amount in respect of British Railways personnel travelling on London Transport lines.—This is the net difference which exists as between the two Boards on through tickets from one Board to the other—all kinds of tickets for which money is paid.

834. In respect of those particular persons, would they include some whose duties are not necessarily connected

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[Continued]

with the London area?—I should think so. If my wife travels on an Underground train they charge her and they keep all the money. If she has a through ticket—and there are very few places where she can get a through ticket—there would be some proportion of that in this clearance figure, but it is very, very small.

835. You have not evaluated it?—No. It is not worth the administrative time to find out.

836. Can you tell us the way in which the clearance is calculated?—It is simply a summation of figures?—It is not a summation of figures, there is a very complicated process which only the Accountant can describe; but my understanding is that the basic feature is that we divide the money in proportion to the mileage on each system.

837. I am told that the figure on the last occasion, in 1964, gave about 6.2 per cent of the total, and now it is about 6.9 per cent of the total for clearance. Is there any reason why that increase has taken place?—I do not know what the reason is, but I can well see there might have been a change in traffic which has thrown more on to the through business.

838. You are not able to go into that?—No, I am sorry, I cannot tell you the details of that.

839. If I can leave that and deal with the total figure of receipts. This figure of receipts is the figure of receipts for the London area, of course.—Yes.

840. As an example which I would like you to consider, if a person, for example, buys a ticket from Hastings to Hither Green, would any proportion of his ticket be in this figure?—Is the clearance figure?

841. In any of the figures in the receipts—Hastings to Hither Green?—Hastings is not in the London area.

Further cross-examined by Mr. PARKER

847. Mr. Penney, I was asking you earlier about the concessionary tickets situation on the Upminster line and you said and it may well be quite rightly—you were not aware that until January or February of this year there had been concessionary off-peak day tickets on that line. If I put January or February 1965 was the position that the concessionary rate was abolished then?—That is so, yes.

848. Now we have got the date right, the position was that until that date there were off-peak concessionary tickets on the Upminster line?—Limited, as indeed they were limited throughout the London area, to journeys of a minimum of 8 miles from the London terminal stations.

849. As far as the people I represent are concerned, that would take in journeys from Barking onwards?—It would take Barking onwards; between Barking and Upminster would have the benefit of the off-peak ticket to London only.

850. And they had the benefit of that ticket until February of last year?—I think that was the date, yes.

851. I am sorry I got the date wrong. All I wanted to know was this: what revenue has been gained by abolishing that ticket?—I do not know. I could not tell you that precisely, but the fact we are not showing any discount for this increase is an indication of our regard for the buoyancy of the revenue on the line.

852. Does it come to this, that you have done away with the concessionary ticket on that line because you do not think anybody travels from Upminster to London off-peak, during off-peak hours, who would not travel anyway?—No. I think the point is there is less likelihood of there being any sensible travel on that line off-peak, but in any case the L.T. & S. line, for distances of that nature, already enjoys a lower fare than anywhere else.

842. Exactly. So that the amount of that person's ticket would not be reflected in these figures?—On no. This relates only to the revenue derived from passengers making journeys wholly within the London Passenger Transport area.

843. So the person coming from Hastings or Glasgow to Hither Green would be paying fares which would be fares in respect of outside the London area?—Yes.

844. But, you see, in order to get Glasgow or Hastings passengers to Hither Green, you have to put them on a London area train, do you not?—Yes.

845. I am told the Hastings passenger would change at Sevenoaks and proceed by the train to Hither Green.—I do not know, you are probably right.

846. You and I are in the same boat. Is not this the position, that the effect of this so far as the London area is concerned, in particular these calculations as to what London should pay for trains in and out of London, and so forth, is that the London area has lost the benefit of this proportion of the revenue in this calculation?—I do not know it has lost the "benefit" but certainly there is no proportion of the through ticket from outside London to inside London carried into this revenue account.

(President): Is Mr. Auden here? (No reply.) Mr. Ruler? (No reply.)

(Mr. Parker): I wonder if I could just ask Mr. Penney about a matter on which I put certain questions to him in relation to concessionary tickets and the gain or loss of revenue on the Upminster line? He said he would look it up over the adjournment, but it may be that I put the wrong date to him and when I put the right date he may be able to answer?

(President): Very well.

853. Of course, what you have got to do here is apply the London Transport fare structure?—What we would like to do is apply British Railways' fare structure.

854. That the Tribunal has said you cannot do.—That the Tribunal has said we cannot do.

855. Was it because they said you could not do that that you did away with the off-peak concession?—No.

856. It was, in fact, a concession they had until the last hearing before the Tribunal?—It was a concession and fare which was common to all British Railways' stations in the London area and then we revised (as we are entitled to do) our reduced fare arrangements. We took out the old scheme and put in a new scheme and we did not apply the new scheme to the L.T. & S. line because it had a far better scheme already and we would have given the L.T. & S. line passengers much greater advantage than they were entitled to have, bearing in mind the general level of their ordinary fares.

857. The position remains that passengers travelling on the Upminster line from Barking onwards into London are, as far as passengers travelling that distance are concerned, the only ones to whom there are no concessionary fares?—Yes, except in regard to the ordinary fare, and they are paying less on the ordinary fare.

858. You say they are paying less on the ordinary fare. They are paying according to the schedule in relation to London Transport?—They are paying in accordance with a schedule which is below what we normally charge on British Railways where we are giving a concession.

859. You are saying you decided upon this as a matter of principle regardless as to whether or not revenue was lost by doing away with the off-peak concession?—No. We are very interested in the revenue and we are satisfied

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[Continued]

that we have not lost revenue by withdrawing the off-peak concession universally and we have not lost revenue on the L.T. & S. line. This is borne out by our indication of our assessment of this grant on this occasion.

860. Have you got any figures as to the number of off-peak tickets that were sold? What was the number of tickets sold going into London on this line?—I am sorry, I have not got that; but you know, there are only two stations which you can go into London from on the L.T. & S. line.

861. Upminster, Upminster Bridge?—I am sorry, it is only Upminster and Barking.

862. Not intermediate stations?—At intermediate stations, presumably, people will be going through on the London Transport trains. You see, we had arrangements whereby we had certain off-peak through bookings, but we took that old arrangement off for the whole of the London area and gave something better to the London passengers, better in general, suiting the overwhelming number of our

customers. It may well be there is a feeling of hardship on the L.T. & S. line, but they are benefiting on every journey they make by paying something lower than their neighbours on the Sheffield line.

863. They may be benefiting compared with their neighbours on the Sheffield line, but Sheffield has off-peak tickets.—Yes, but it has a higher ordinary fare.

864. But I understand there are passengers attracted by off-peak fares, and the type of person who is attracted by an off-peak ticket from a station on the Sheffield line is the same type of person who would be attracted by an off-peak ticket on the Upminster line.—Yes. The only difficulty is there are not sufficient numbers.

865. What do you mean, there are not sufficient numbers?—It would not bring in enough money to put in off-peak tickets because we are bound to lose some of the ordinary fare revenue.

866. Have any calculation been done about that?—No.

(The witness withdrew)

(Adjourned for a short time)

(Mr. Molony): I am grateful to the Tribunal for withholding cross-examination on behalf of the Greater London Council until now.

As events have occurred, it might be more helpful to the Tribunal if I allowed my learned junior, who is so experienced in these matters, to conduct the necessary cross-examination. Meanwhile there is someone here who has asked me if he could intervene at this moment; as far as we are concerned, it is fully agreeable to us that we should hear him now.

(President): This is Mr. Ruler?

(Mr. Molony): Yes.

(President): I take it you have no objection, Mr. Fay?

(Mr. Fay): No.

(President): Then let us hear Mr. Ruler.

MR. F. A. RULER SWORN

(President): I saw you take the oath; would you now "examine yourself"?

(The Witness): First of all I should like to apologise for not having been here on Friday, but I was given to understand I should not be required on Friday afternoon. I should also like to thank the gentlemen who have allowed me to speak at this stage.

I am giving evidence on behalf of the Federation of Residents' Associations in the County of Kent.

It is not proposed to elaborate upon the subject of accounts on the part of the board, as there is nothing that the tribunal can do about it, but instead to concentrate on the relationship between the board and the London Transport Board.

It is suggested that the present application is the most frivolous yet. The amount of the estimated additional revenue is said to be £2m. a year and then, quite irrelevantly, paragraph 7 refers to an overall deficit of £10m., implying that season ticket holders here should subsidise unremunerative activities throughout the country. Paragraph 5(1) is based on the same curious point of view.

To put the matter into perspective, let the words of Mr. Raymond be quoted: "Suburban services lost £20m. in 1965, but the large, intractable losses were in Birmingham, Bristol, Cardiff, Liverpool, Manchester, Tyneside and Glasgow. The figure includes a substantial loss on some London services, but provided increases in the London area can be made when justified, that area can be made self-supporting."

This requires some elucidation. The application asks for £2m., and it is fair to say that this is what he calls a justified increase, which will make the area self-supporting. Now, as long ago as 1958, during the bus strike (which incidentally had virtually no effect on the business of London) the south eastern division of the Southern alone obtained an additional net revenue of £20,000 a week, equal in a full

year to over £1m., or half the expected revenue from the increases now before you from that one source alone.

The real reason behind the application is that London Transport do not want the surface lines to get any patronage at the slack hours. The same motive lay behind the successful application in 1957 to abolish the traditional half-mile stage on the surface lines. Since stations are rarely an exact number of miles apart, train fares are nearly always dearer than bus fares, which can be adjusted to the stages. London Transport are well aware that, when the Underground fare from Charing Cross to Waterloo rose to 3d., many people switched to the Southern, who were then charging 2d., proving how the merest fraction will switch patronage.

As a result of the fare bias in favour of the bus we get:

- (1) roads running parallel with the railway clogged with needless buses.
- (2) A purely artificial shortage of staff on London Transport services.
- (3) Many crews actually running surface trains for no more than two hours a day.
- (4) A completely duplicated service of public transport in railway areas—a most vicious restrictive practice.

The Southern can, without great financial outlay, provide in their area the requisite rush hour accommodation, and in fact the Federation have handed to the Marylebone Headquarters a cheap workable plan more effective than the railway's own expensive one, and a copy will be given to you today. At one time the Southern had a fair off peak service which, as the result of bus undercutting, has in most places been reduced to an unattractive level without, as already explained, reducing the wage bill.

London Transport's attitude is well illustrated by two examples. To the west of London they have achieved the dream of Mr. Frank Pick, to oust the Great Central from the remoter stations on the Metropolitan extension

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MR. F. A. RILEY

[Continued]

line, and so the competing Green Line has been withdrawn. To the east, Walthamstow is at present served by two British Railway lines and so, in the peak, there are six bus routes to London, six in the Central Line and five to the Piccadilly, with no January cuts. Next door is Leytonstone now served by the Underground. When served by the G.E.R., there were four good bus routes to London, but now there is but one and a third, cut to one-third during the trouble in January. It is thus possible to offer an off-peak tube interval of less than five minutes. Rational enough; but if economic sense is to prevail, why not the same consideration for surface lines in other places? London Transport are plotting a tube from Victoria to Brixton, although owing to bus competition the Southern cannot fill even a two-car train in the rush hour and unsuccessfully applied to close East Brixton Station. As in Leytonstone, the buses would be drastically cut if the tube materialised. It is not difficult to see why 30 miles of surface double tracks had been closed in the London area.

The "some" lines to which Mr. Raymond referred are easy to find since they are those suffering most from competition; for example Broad Street to Richmond, once profitable for short journeys, eliminated by much stiffer fares; St. Pancras to Walthamstow, now threatened with closure; West Ealing to Greenford, rather a useless line; Marylebone to Wembley Hill.

The Federation are not alone in discovering the harmful effect of London Transport's tactics. The Chambers Report said precisely the same thing, made perfectly clear in

(The witness withdrew)

MR. J. H. PROTHMERE recalled

Cross-examined by MR. MACLAREN

867. On Mr. Pay's early questions this morning stress was put on the fact that the ordinary fare on British Railways in London had not been increased since 1962?—For distances over 11 miles.

868. Up to 12 miles fares have been increased almost annually?—Yes.

869. To look at the history of this, at the big inquiry in 1951 (I think it was) the aim of the British Transport Commission was to assimilate as far as possible British Railways and London Transport fares. That was when the day return ticket was introduced, so that, provided the passenger travelled by British Railways and returned the same day, he got the same fare as someone travelling by London Transport service?—Yes.

870. That was the underlying idea of the ticket?—Yes.

871. It was not intended as a cheap day ticket, was it, but as an act of assimilation?—It served as an act of assimilation.

872. That was the intention?—Yes.

873. It was only at the last inquiry that that went?—Yes.

874. So that your ordinary fare, from the point of view of the assimilated fare, was raised only at the last inquiry?—Yes.

875. So it is true that your ordinary fare was raised last year?—There was an increase in price to the customer who had previously taken day returns.

876. Quite.—Save that he had the advantage of a much extended off-peak ticket at a lower fare.

877. If he was not at work?—Yes, or if he could travel in off-peak hours.

(Mr. MacLaren): Now I should like to turn to the question of the estimates of revenue. I have been kindly

provided by the Board with a consolidation of line 1 of WW 1 of 1964 with line 1 of WW 1 at this inquiry. I am not sure if the Tribunal had had copies of this.

The present irresponsible behaviour is a prime cause of the continuing loss of patronage to the private car.

Our case is far from being an attack on the surface railways, and in reality a defending them. Were rail fares less than bus fares, passengers could be recovered, no extra crews would be needed and London Transport's artificial staff shortages would end, so that there would be no need to try to steal employees from other industries, where in present day conditions they serve the economy far better than by acting as parasites plundering the railways.

It is therefore submitted that in their own interest you reject the railway application, which can only damage them.

In the London Transport case, counsel said that no suggestion had been submitted for easing congestion, and hinted at some restriction on private transport—the classic London Transport plea, dating back at least to 1912. Under various names, London Transport have always conspired the fact that they are a cause, not a victim, of congestion, as our case endeavours to prove. The recent refusal by the Minister to sanction further railway closures around London is an overdue but nevertheless welcome recognition of the vital importance of the surface line in easing congestion.

(President): No, we have not. (Document handed).

878. (Mr. MacLaren) (to the witness): You have a copy of it now?—Yes.

879. Line 1 shows the passenger receipts as shown in WW 1 of the last inquiry, £36.3m.?—Yes.

880. There falls to be added to that the estimated effect of a full year's enjoyment of the increase made in 1964?—Yes.

881. For the 19th July increases you add £1.6m., and for the 28th February increases £0.2m.?—Yes.

882. That gives a figure of £1.8m. which you add to the £36.3, arriving at an estimated figure of £38.1m.?—Yes.

883. This document goes on to compare that figure, in line 7, with the actual receipts for 1965, which are £37.1m., showing a difference of £1m.?—Yes.

884. That is described as decline in traffic compared with expectations?—Yes.

885. Then you add the assumed trend of traffic in future year, £0.3m.?—Yes.

886. Then there is an increase in clearance, which you take off, of £0.2m.?—Yes.

887. Leaving an addition of £0.1m., arriving at the estimate of £37.2m. in line of WW 1 of 1966?—Yes.

888. You have also kindly provided the council with the actual receipts for 1964?—Yes.

889. The total, including allowance for clearance, is £36,839,000?—Yes.

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(Continued)

890. Which, in terms of this exhibit, would be £36.8m.?

—Yes.

891. I want to make sure the steps I now propose to you are reasonable. Those were the actual receipts for 1964, and if we were to try to make allowance for the effect in a full year of the increases in charges, would it be fair to add £1.8m.? Is that as good an estimate as one can make? I am considering the actual receipts for 1964. I want to compare that with a full year.—I do not think so, because the receipts for 1964 will include a part of the increase which came into operation on the 19th July, 1964.

892. All you can add is the balance?—The proportion.

893. Is not £1.6m. the balance or proportion?—No, the increases of 19th July, we said in AD 5 last year, were £1.39m., so that is the £1.6m.

894. Can you say what the proportion would be if you wished to gross this figure up to a full year?—About five-thirteenths, I suppose.

895. Can you tell me what that is?—I have not worked it out. I should say in round figures £600,000.

896. There is then a figure of £0.2m.?—Yes.

897. There is then a figure of £0.8m.?—Yes.

898. That throws up a figure of £37.6m.?—Yes.

899. That would show a decline in actual receipts between 1964 and 1965 of about £1m.?—About that.

900. Is that fair?—Yes. That is before clearance.

901. Quite right. I am making a fair comparison, am I not, in comparing £37.6m. with £37.1m.; they are both before clearance; is that right?—We have probably got a little confused here. The actual receipts before clearance for 1965 were a little more than £4m. more than 1964, the relevant figures being £39,680,000 and £39,132,000.

902. Are we talking about 1963?—1965 and 1964.

903. If we take the before-clearance figure, the figure for 1964 is £39,132,000?—Yes.

904. And to that falls to be added the £0.9m.?—Yes.

905. That makes it £39.9m.?—Yes.

906. Is that £39.9m. to be compared with £37.1 actual receipts for 1965?—No, you have to take off a clearance for 1964; so if you wish to look at the net figures, the 1965 net was £37.14m. against the 1964 net of £36.84m., so that in fact the net appears to be £300,000 better in 1965 than it was in 1964.

907. Quite. That brings us back to our £4m.?—Quite right.

908. The effect of the calculation is that, after allowance is made for the increased fares there is an actual drop of revenue of about £4m.?—Well—

909. I appreciate the difficulty: there was not a drop of revenue?—That is so; it was a drop against the expectation.

910. If I am trying to eliminate expectation as far as possible, some allowance has to be made for the full year's effect of the increased fares, does it not, in order to make this comparison?—Yes.

911. And in order to do it, the best figure we can have is this figure of £0.2m.?—But in the conciliation of WW 1 we have taken account of a total of £1.6m. because of the

compensating items, or balancing items, which brings us down to the actual figure in WW 1 of £37.2m.

912. I follow that; all I want to know is whether you are with me on this, that whereas the conciliation throws up a drop of £4m. on expectation, there was an actual drop, which is about £4m.?—But we must take account of the other items below line 7.

913. £0.1m. is thrown up?—Yes.

914. It is still about £4m. What would you do with the £0.1m.; would that make it £0.4m. or £0.6m.?—I cannot quite understand how you are telling me that we are short of £4m.

915. I shall leave it for the moment, if I may. I am trying to quantify the difference between your 1964 revenue and your 1965 revenue.—And I say the difference is £300,000—we are up by £300,000.

916. To put it another way, your expectation from the increase in fares is substantially down?—Yes.

917. So it is one way or the other?—It is that way.

918. Instead of getting the figure you anticipated you got £4m. less?—We think we got about £950,000 less, which is rounded to £1m.

919. How do you account for this £950,000? It is a sizeable figure.—I tried to explain this morning that there was a degree of optimism generated by reason of the seemingly favourable trend in the early part of 1964, which led us to believe that if that continued (and there seemed to be no sign of its slackening off by the time we got to the hearing stage in November) our revenue would be so much better in 1964, and it was that optimistic figure that was used as the basis for the AD5 which reflects the £950,000 buoyancy which Mr. Dickson referred to in his evidence on the last occasion.

920. I think we can summarise this: Mr. Dickson on the last occasion took the actual receipts for 1963?—Yes.

921. As £34.37m.?—Yes—which was better than we had expected.

922. Quite; and he added the balance of the June 1963 increases: £1.06m.?—Yes.

923. Giving a total of £35,439,000?—Yes.

924. Then he deducted increase in clearance, £380,000?—Yes.

925. Giving him the first cast of £35,059,000 for 1965?—Yes.

926. Then in October 1964 the estimate was adjusted for buoyancy in traffic, and the actual figure added was £0.861m.?—Yes.

927. Giving a figure of £35.92m.?—Yes.

928. You carry that forward into the future year, plus a bit which was added for trend, of £0.4m.?—Yes.

929. Giving £36.32m.?—Yes.

930. There must have been strong circumstances at that time which led Mr. Dickson to put in £0.861m. for buoyancy?—Yes, the revenue for 1964, at £36.839, bears out the buoyancy; but when we were preparing the case in which we reflected this £950,000 we were going on the experience of about seven months of the year, and it seems to us now that we can look back over it, that the buoyancy which was being generated in the early part of the year faded away much more quickly than we could foresee at the time we were preparing our case in September/October.

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[Continued]

931. But what was it that faded away; what was it that disappeared; what elements were they in your traffic, and what were they worth?—I think largely it was optional traffic that was disappearing. True, there was some season ticket fall which we tried to explain. I think Mr. Dickson explained there were some permanent and some temporary factors which gave rise to this buoyancy, and, as I have tried to say this morning, some of those factors about which I spoke we know for certain would appear—for instance the good weather of 1964 was not repeated in 1965.

932. That was recognised as a temporary factor?—Yes, but it was part of that £860,000.

933. But in putting in a figure for buoyancy to be carried forward into the future year Mr. Dickson would not be all that influenced by temporary fine weather?—I do not know what you mean by "all that influenced."

934. We all know the weather fluctuates?—Yes.

935. And in making an estimate one does not prognosticate as permanent a lift in weather?—No.

936. What I am looking for is what disappeared from this estimate of buoyancy for 1964.—That which is of a permanent feature, I think, is the movement outwards of season ticket travellers, slipping over the London boundary. That would be the most potent factor. Then I think the location of offices outside the central area has an effect, although, as I said this morning, I cannot put a price on either of these things.

937. I was wondering—because I think Mr. Dickson observed that there had been a fall in season ticket revenue already; he took that into account?—Yes.

938. I think it starts on page 40 of the transcript of last time, question 801: "(Q) So that was the basis on which we were here on that occasion. What was the actual revenue for that year? (A) The actual revenue for 1963 was £43,379m. (Q) And that was an increase over the forecast? (A) Yes; it was actually £159,000 more than we expected. (Q) It was an increase of a little less than 1 per cent, I think. (A) Yes. (Q) In point of fact, was that increase shared among all categories of tickets, or was it not? (A) No. If you distinguish between ordinary fares and season tickets, and comparing the 1963 actual results with the expected out-turn, we were short on the season tickets and over the top on ordinary. (Q) So that the ordinarys were buoyant to an extent to offset the shortage on seasons and to produce the nearly 1 per cent increase? (A) Yes. The actual increase was £0.359m.; there was a loss on season tickets of £0.222m., but an increase on ordinarys of £581,000, so that the increase in the ordinarys more than offsets the loss on the season tickets." Pressing there, already the season tickets are moving down; that was very much in Mr. Dickson's mind at the time he made that estimate?—Yes.

939. So does it seem likely that it is the fall of the season ticket revenue that explains why the buoyancy disappeared?—I do not deny there is some general fall in season ticket revenue, but I say that the loss of ordinary fare revenue—the optional travel—is a far more important aspect. You see, in 1965 we are showing a £420,000 increase on season ticket revenue.

940. I thought you were saying just now that one of the main causes of the loss of this expected £1m. was the fall in season ticket revenue. That is not so, is it?—It is one of the causes. Well, actually there are only two categories of traveller that we can concern ourselves with: the ordinary and the season ticket. Of the two, I think we suffer more from loss of business on ordinary than we do on season.

941. I am asking not for a general statement but about what happened to this estimated £1m. which was put in the estimate in October, 1964; what happened to that expected traffic—what traffic did you take into account which did not materialise?—We were saying at the inquiry at the end of 1964 that we thought that before clearance we would take £20,170,000.

942. £20m.?—Yes. That included a shot estimate of the proportion of the day returns that would go to season tickets.

943. Could you help over the £20m.; what does that represent?—It was the column 10 season ticket proportion.

944. That is, the season ticket item?—We thought it would be £20,170,000. We have achieved £18,540,000. The difference is made up of two principal elements. With the benefit of hindsight we would not have allocated day return revenue to season tickets in that proportion, and secondly, again with the knowledge we have now, we would not have been so optimistic in our base season ticket revenue.

945. Your base for that revenue began as the actuals for 1963?—Yes.

946. How much of this buoyancy factor did you attribute to season tickets of this?—I think Mr. Dickson was saying something about this.

947. I will read it to you; and this is at question 806: "That was 1963. Now I want to ask you some similar questions about 1964. In the first place, if one assumes that traffic remains level, one can make a forecast for 1964 based on 1963 plus the balance of the fares increases?—Yes. As we were saying, the actual results for 1963 were £34,379m.; to that we have to add the balance of the £2.24m. for the full year as a result of the June 1963 increases, which is £1.06m. That, added to the actual revenue for 1963 and less the increase in the out-payment we have to make for London Transport would produce £35,039m. (807) And was that your first estimate for 1964?—Yes. (808) But as the months have gone by, has a buoyancy in traffic made itself apparent last year?—Yes, that is so. (809) Was a revised forecast made in October?—Yes. (810) What is your revised forecast for this calendar year?—The revised forecast made in October of this year is as shown on AD 5, column 2, £35,92m. (811) That is about 2 per cent over the original forecast, I think?—Yes; actually it is an increase of £0.861m. (812) Now may I turn from those facts to the underlying reasons behind them. I would like you to explain to the Tribunal why you think the traffic has been so good this year; what are the reasons?—When we were forecasting in the early part of this year there was nothing really in the 1963 results which would indicate any up-turn in business. 1963 itself was a dull year; this is one of the occasions when we are handicapped for not having detailed information for the London Area, because although we have the London area results for 1963 we have not the similar results for 1962 to compare them with. As you will remember that is due to the fact that in the first case it was a different area and in the second case the returns being compiled on a four-weekly basis now, compared with the month in the past, there was no means available for comparing the London area results for 1963 with those for 1962. But comparing the revenue for British Railways as a whole for 1963 with 1962, it was a dull year; the early part of the year started off well, but there was a general slump from about the fourth to the ninth month, although there was an up-turn at the end. (812) When you say "dull" you mean financially dull, of course?—Yes, both financially and weatherwise dull. But it was a dull year; the unemployment in February of last year, reached, I think, a fairly high proportion. Speaking of British Railways as a whole I have not the results, but 1963 was a fairly average year and there was nothing in that year to indicate that there would be an up-swing in 1964. If you look at the actual results in the London area compared with the expected out-turn, there was an increase, but it was of the order of 1 per cent and there was nothing to indicate that it would continue for the coming year. In those circumstances we felt that 1963 did not give us any grounds for anticipating an increase in 1964, but in fact we got it. (814) Now can we come to why you got it. What do you think are the factors which have caused this up-turn this year?—There are several factors, some of which are permanent and some of which are temporary. If I may deal with the temporary ones first, there is no doubt that this year we have had very much better weather than we have had for a long time past and we find that that does have an effect on optional travel; it encourages people to get about. Another

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[Continued]

factor was that we took steps to deal with a certain amount of fraudulent practices that was going on in the London area. In October 1963 we reduced the validity of ordinary full-fare tickets in the London area. These normally, throughout British Railways, are available, a single ticket for three days and a return ticket and the outward portion of a return ticket for three months. That was the ordinary full-fare validity which operated throughout British Railways. There were signs that this extended validity was being abused in the London area, so we took steps in October to reduce the validity of ordinary full fares to one day for a single journey and two days for the return journey. That is to say, if you got an ordinary full fare today you can come back tomorrow, or if you buy it at the weekend, on the Friday, you can come back at any time up to the next Monday. But generally speaking, you have to return the next day to the day you bought your ticket. That restriction in the validity of tickets has had some effect on our revenue. (805) Then you mentioned that 1963 was dull in the financial sense. What about 1964? Was that equally dull or not?—1964 has been showing signs of improving. (816) Up to yesterday, I suppose?—Yes, up to yesterday. (817) Does that mean that in 1964 generally speaking there was more industrial activity and therefore you might attribute some better traffic to that?—Undoubtedly. As I say, there are many reasons, some of them political, which made 1963 a dull year; but this year there has been a definite improvement all round and British Railways have gained from it. (818) Is there any other temporary, or once-only factor that you want to refer to?—I hope in a sense that this is a once-only factor, but there is evidence to show that we have picked up a bit of revenue from London Transport. (819) In what circumstances is that?—It is due to the fact that the road services of London Transport have been rather upset with their staff difficulties, and there is a certain amount of evidence (although you cannot quantify these things) that we may have picked up a few passengers on our trains who have previously travelled by bus. (820) Would that again particularly apply in the Southern Region?—Yes, mainly in the Southern Region. (821) All these are non-recurring factors?—Yes. (To the witness): That is what was said about that?—I thought your question was how this £860,000 was shared between the ordinary and the season ticket traffic?

948. I want to know how it has disappeared, really. How did you distribute it?—I cannot tell you because I do not know now how the £860,000 arose. The information would be available, of course, but I have not got it here.

949. You do not know how the £860,000 arose?—No, I have not the details, but we are in as much trouble as the Tribunal is about the one million difference between what we estimated, and I want to help. We think there is more of optional travel than season ticket in this million, but if you want it quantified, I cannot give you the precise figures because I do not know. Mr. Dickson was in great difficulty in being able to share out something like five or six million on day returns which would go to another class of traffic. We put in £300,000 for season tickets, and I think we were wrong now we can see what has happened, so I say that this million pound difference between expectation and actual is due to two factors: the loss of buoyancy and the over-optimism that we experienced when we were making our previous application.

950. Are you now saying you wrote that 0.55im. into the estimates last year as an over optimism without real traffic to support it?—It was based on a favourable trend in the first seven months of 1964.

951. By that you mean hard cash?—Yes.

952. This is what I want to know. There was traffic on which this estimate was based?—Yes.

953. And presumably you know what that traffic was?—Yes.

954. You ought to be able to tell us what has happened to it?—I hoped I had, but as I say, I cannot put a precise monetary value on the various elements which could be used to explain it. For example, you cannot say how much

you lost because the weather was so bad in 1965 compared with 1964. We cannot say how much season ticket traffic was lost because of the growth of motor cars (because that particular form of competition with our services finds expression in a variety of ways) and we cannot say how much is as a result of the dispersal of people's accommodation outside the Central Area.

955. In other words you do not know; that is the short answer?—We do not.

956. If I may take one factor of this explanation which is of interest: You were giving me a figure, and you were in fact in the process of giving it to me when we turned to something else. There was a figure put into season tickets for the movement of day return traffic, was there not—in the season ticket class?—Yes.

957. Can you tell me what that figure was?—£310,000.

958. How much do you think you in fact got from that?—I could not tell you.

959. You do not know?—I do not know.

960. That £310,000 has disappeared, and you still have not explained the deficiency in expectation?—I think we were wrong to put £310,000 in.

961. With hindsight, what would you put it at?—Nothing.

962. Nothing? That is interesting is it not. How much revenue did you anticipate you would gain from the abolition of the day return ticket?—£280,000 in a full year.

963. You now say the whole of the £310,000 you put into the season ticket revenue has in fact not materialised? Yes, but £310,000 is not related to the amount of increase, but the total revenue of £5,180,000.

964. But that did not materialise?—Not on season tickets.

965. The only other part would have been ordinary fares or cheap fares?—Yes.

966. Is there any reason to think that materialised there?—Some of it did.

967. How much?—I do not know.

968. Would it be fair to say that this was one of these increases that in fact left you worse off?—No, I do not think so.

969. Do you think it is worth looking into, because if you do not get it in the season ticket revenue, the question is: Where do you get it?—We have a duty to make sure we are paying our way, and we cannot be precise as to what amount of a particular fare category goes into this, that or the other; what we are more concerned about is what is the total effort.

970. Therefore, having your eye entirely on the global figure, if it happens to abolish a fare and you lose money on that abolition, you are not concerned about it?—Not if we lose money on that particular one, but if we recover ourselves on other facilities, that is all right.

971. Yes, you take the global view, if one particular increase causes a loss, but on the whole you gain?—Yes.

972. It may be, may it not, that a large part of this million pound loss was in fact because you did not get the return on the increases you expected, certainly so far as day returns are concerned?—I will not accept a "large" part.

973. A part?—A part.

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[Continued

974. Would you quantify that?—No, it is impossible.

975. This is a serious matter. Have you any information? How much was a failure of the increases to bring the expected result?—I still stand by the figures shown in AD 5 as to the discount for loss of business. I think those figures were right at the time we devised them, with the knowledge we had at the time.

976. Yes, but you are looking with hindsight now, are you not?—Looking at it with hindsight. I would first of all have said that this £86,600 is good enough as an experience of 1964 but it is far too good, far too optimistic for 1965.

977. Am I right in saying this to you, that it was not realised in 1964 at all?—I think it was.

978. We were looking at the figures just now. The actual out-turn for 1964, including clearance, was £36,839,000?—Yes.

979. And that compares with an actual, to keep it clear, for 1963 which is what?—The actual in 1963 was £34,379,000.

980. £34m.?—Yes, Mr. Dickson quoted that at question No. 801, the actual for 1963 was £34,379,000.

981. And there was the effect of the fares increases in 1964; how much was that?—The balance of the 1963 increase was £1,06m. We made an increased payment to the London Board of £0.38m, which left us with our original estimate of £35,059m., but in the event we put in to AD 5 £35.92m. which includes £861,000 buoyancy.

982. I would like to look at the figure of £35,500m.—Yes.

983. Are you saying that your 1964 figures justify that addition of a million to the buoyancy?—Yes.

984. We have the figures; I do not think I need pursue that any further, but you cannot give any better explanation of what happened to the estimated £3m. than you have given now?—I cannot be any more precise.

985. You cannot say what quantity of that is due to the fact you did not get the receipts from the increases you applied for?—No, because I think it is obscure.

986. Now I would like to ask you one or two things about the general increase. You have just been following London Transport, have you not?—Up to the 16th January, yes.

987. You have just been following London Transport, have you not?—Up to the 16th January. Our application was parallel with that of London Transport.

988. Year by year?—No.

989. That is not right?—We have made applications which have been different from those of London Transport. We did on the last occasion.

990. Yes you did, quite right. But you all start, do you not, by following London Transport, and the major part of the money comes from—?—I do not like the word "follow."

991. But is that not what happened in the last inquiry?—No; I think it would be better to say we jointly considered and agreed a line of action so far as our joint interests are concerned.

992. I understood you to say—and you will correct me if I am wrong—right at the beginning of your evidence the intention was to correspond with London Transport, "on the same lines as we wished to do last May." That is my note and that of my learned friend?—Yes, both

London Transport and ourselves last year were in the position of wanting more money. London Transport wanted to do it by the short procedure. We were prepared to make an application. In the event we were both of us asked to defer, and we did defer until the end of the year, and then produce them again, and because our financial situation had further deteriorated, we have made an addition to our application on this occasion.

993. So as I follow you answer, it is a case of following London Transport's application first, and if you feel you want more revenue, adding something to it. Is this it?—I do not like the word "following"; because you see again, on this occasion, London Transport are making precisely the same application as we are. I do not know whether they are "following" us, in fact.

994. A lot happens before you get here, and I am asking you a serious question: Where do these fare scales come from in the first instance?—Which fare scales?

995. The ones you put in to force by the short procedure?—The ordinary fare scale was jointly conceived by London Transport and ourselves.

996. What I want to put is: you make increases without really knowing what is happening to your revenue, do you not?—I am putting that quite seriously.—No, I do not think so.

997. I can appreciate your difficulty in this high artificial area, and I can quite see all your difficulties, but I want to put it to you very plainly, that you are making these increases following the calculations of London Transport and you do not really know what the result is going to be?—Oh yes we do, because we do have consultations with London Transport as we are required to do.

998. Of course. Do you tell London Transport what the effect is going to be on your revenue?—Yes.

999. Do you know?—We have a broad idea.

1000. You have, in your estimates for this Application, to virtually write off the buoyancy of £1m.?—Yes.

1001. But you put back £0.3m. for trend?—Yes.

1002. Why?—With the usual optimism that we have, but I hope it is a more modest optimism than we have had before.

1003. Is this "estimate" or "optimism"? Which is it?—There is a good deal of judgment about this. It has been explained so many times. You cannot be precise about it; you have to do the best you can with the tools that are available, and this is the view which I have come to, after considering with my colleagues in the Division in London, who have a very good knowledge of their own particular area.

1004. I am sure that is right, but help me a little: On what facts did you base the upward trend?—On the facts that there was the increase in fares of the season ticket rates which had been made; and there is, I think, some change taking place in regard to the use of private motor cars in London. I cannot see there is going to be so much more upward movement within the London area.

1005. Let me take them one at a time. What makes you think an increase in fares will produce an upward trend?—The increase in fares, after the initial shock—you do tend to get a return of business.

1006. It is an allowance for return of business?—In part.

1007. You are discounting the discount for next year; is that right?—Well, yes.

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[Continued]

1008. Really now! I must try to follow you. I am sorry—it is probably my fault, but you put in a discount on your calculated gross yield, and that is an attempt to measure the resistance during the next 12 months to your increases, is it not?—Yes.

1009. Are you seriously telling the Tribunal that you put back a recovery of that traffic?—I did not intend you should gain that impression; I did not think you would, with such a relative small amount of money.

1010. No; I am only following your answer to me. What I asked you was: On what basis did you found this calculation of an upward trend of £0.3m.—It is not a large sum of money, but none the less it is there—and your first answer was because you put up the fares—or at least, that is what I heard you say.—Yes. I accept the point which you make, that having discounted by certain means of discount, you cannot very well expect to get something more than what you have already said. I accept that position, but it would have been quite easy for me to have said that that £280,000 is not there because it is only a matter of judgment, and if my colleagues in the Regions had advised, I should have taken something more or less. I could quite easily have done that, and saved the question, but I do not know whether it would be right to do so. I am trying to give you an honest interpretation of the situation as we see it, and the factor we are concerned with, which is: The general movement of traffic is likely to be better than it was last year, which was an exceedingly bad year. If you like, I am hoping.

1011. Yes, I do not think I can ask you much more at this stage about that. There are a lot of things involved in it, such as bad weather, but you do not carry the bad weather through to next year, do you?—I should hope it is doing some good now.

1012. That is worth money?—Yes.

1013. Now could I turn to the question of concessions. It is a purely historical fact that from the very inception of the Railways, they have put upon them, by the Authorities of the day, certain public duties—is that not right—that is to say, workmen's fares, and things of this kind?—Yes.

1014. And that this has continued, and you gave us some examples of the Order of 1927, in which the educational season ticket was put down?—Yes.

1015. And the Minister of Fuel and Power later—
—The Minister of Transport.

1016. The Minister of War Transport, yes. What you are really wishing to put to the Tribunal now is that that old history ought to be done away with, and you ought not to be called upon to do anything which is not commercially profitable?—Yes.

1017. Perhaps I should have said "commercially profitable or commercially necessary"; it is not always profitable immediately.—That is the end we are always aiming for, yes.

1018. It is right, of course, that British Railways, taken as a whole, is not commercially profitable?—That is true.

1019. I suppose it is maintained in the way it is because it is judged to be necessary?—I do not know why it is maintained.

1020. No, that is a fair answer. At any rate, it is?—Yes.

1021. It would be right to say there are changing needs. Could I put this to you: would you agree, from your own experience, as well as what you might hear, that there is a great shortage of skilled staff in all branches of your work?—Do you mean in railway work?

1022. Yes.—Generally there is a shortage of skilled people.

1023. And skilled men of course require training?—Yes.

1024. Would it be right also to say that?—I am sorry; I said "yes" perhaps a bit quickly there. I am not sure that skilled men do require training.

1025. Perhaps the use of the word "skilled" was not the best way to put it. I mean engineers, lawyers, people like this, who need training, do they not?—Well, I would assume, when a man is a lawyer or an engineer, he has already been through his training.

1026. Quite, but they need training first?—Yes.

1027. What I mean is, there is a general shortage of trained men?—In the country, I should say yes.

1028. Even lawyers! Do you find in this condition of the economy as is at the present it is not only difficult to get trained men, but it is difficult to get men to go in for training. Have you tried to get them yourselves and not succeeded?—I think I should agree with that; there is a difficulty.

1029. It is the general experience, and in your experience, does it seem to be one of the strong contributory factors, namely the ease with which the unskilled and untrained men acquire remuneration in the early years quickly—after a year or two—whereas the man undergoing a lengthy training has to wait?—He has to wait until he has done his training to get his professional rates.

1030. Quite so. It is within your experience in the railways, is it not, that one of the problems of getting trained men is to get them to accept this waiting at relatively low rates of pay—relative to what can be obtained in other fields?—I do not think we are any different from any other industry. We have to face the same problems.

1031. This is a public problem at present?—Yes.

1032. Would you agree that when a young man is undergoing training at a lower rate of remuneration, the sudden increase in his fare by 50 per cent is the kind of thing that could tip the balance?—Are you asking me to answer this?

1033. Yes, which would make him give up training and get a more remunerative job, in other words to do something else?—We are prepared to take that risk.

1034. But you in fact do not take it because you transport them free of charge. That is right, is it not?—Transport who free of charge?

1035. Your apprentices and trainees, and other men?—We have certain travelling concessions to railway staff.

1036. Which extends to people who come to you for training, does it not?—In our employ, yes.

1037. So what "risk" are you taking? You said you would "take the risk"?—This is part of the terms of contract with the trainee, in the same way any employer of labour embodies certain matters in his terms of contract.

1038. I am not criticising you; I am sure it is a wise step to take, but when I asked you about the effect on trainees of having their fares increased by 50 per cent, your answer was: "We are prepared to take the risk"?—I thought you were asking me in my commercial capacity of taking into consideration what that customer would do when faced with a 50 per cent increase in his costs. I will take the risk whether he stays with me or goes somewhere else, and that was the context in which I gave that reply.

1039. That is perfectly fair. This whole question is clouded and confused by the very simple fact that you

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give this two-thirds concession to any young person under the age of whatever it is?—Under the age of 18—16 or 17.

1040. Whether training or not?—Yes.

1041. If you were to make a general increase of 50 per cent in the charges, it would only be those who were on narrow means who would be likely to react sharply?—I do not know what it is that causes people to react.

1042. Take a simple case: suppose a man pays a trainee £5 a week, and his fare is £1—which is quite a common fare and not a high one. Then you put on 50% it is a lot out of £5 is it not?—I do not know; it depends what he does with the other £4.

1043. Naturally. There are quite a number of things he must do. Let me put a more specific case to you, if I may. Well trained men acquire their training in two ways: they may go to a centre or an establishment, or they may go to work and take what is called the Ordinary National Certificate?—Yes, that is so.

1044. And the very effect of the Ordinary National Certificate is that it is obtained by a man who has worked during the period of his studies?—Yes.

1045. By that means he may become a fully qualified engineer, for example?—Yes.

1046. And, indeed, you accept him with an O.N.C. for jobs of a professional status, do you?—I think so.

1047. It seems reasonable, does it not, to assume that the man who goes to work and studies for his O.N.C. is a man who cannot afford to study at school?—I do not know that.

1048. At any rate, there is a shortage of men with these professional and other qualifications?—So I gather. I have no practical experience myself.

1049. But this is what you hear?—There is a general shortage of labour, yes.

1050. What I am putting to you is that while it may be that a man of this kind may not need more than you assume to the 50 per cent increase in fares, might you not produce a reaction amongst the real trainees of which you would not in fact see the result, or which would not affect your commercial results to that extent?—We may not see what happens to the young man or woman who has to pay 50 per cent or 100 per cent on their travel costs, but we have tried to reflect this in the 5 or 10 per cent.

1051. That is over-all. What I am putting to you is do you not think it is important what happens to the trainee, this young man or woman under 16, who does serious training?—I am of course interested, it is important, but it is no part of our job to interest ourselves in any man's future. It is our job to provide transport at proper prices.

1052. What you appear to be saying—and I will give you a chance to agree or not—it is not part of your job to be concerned with anything relating to the National interest?—I do not think I said that.

1053. That is what I am saying to you,—I do not accept that.

1054. In what degree do you not accept it?—We have a part to play in the National interest.

1055. That is to transport people at a charge which you think proper?—Yes.

1056. Beyond that you are not concerned with the national interest?—We are required by Parliament to carry people in circumstances where it is possible to be commercially viable.

1957. It might be possible for us to talk not in a technical sense, that is not in fact happening, you are not commercially viable?—Over-all we are not.

1058. Very far from commercially viable?—That is true.

1059. And you are not carrying people at commercially viable rates, are you?—Not in sufficient quantities.

1060. What about Birmingham and Manchester?—We lose money.

1061. The Railways are maintaining these areas at considerable expense in the national interest, are they not?—I suppose so at this point, yes.

1062. May I put it to you it becomes the Officers of the Railway Board, in this circumstance, to disregard the national interest apart from just carrying someone at a fare that makes them money,—I do not think we are disregarding the national interest. I think we are trying to put things in perspective.

1063. And putting things in perspective is taking someone else to do it, is it?—No; it is asking a privileged class of customers to pay the proper price in today's conditions, which are so vastly different from when those cheap fares were put in.

1064. As to the estimate that you have been able to make in JP5 in the little box at the bottom, the 5 and 10 per cent discounts, is it fair to say that is a guess?—It is a little more than a guess. It is taking help from my colleagues in the London Divisions, who know quite a bit about the business.

1065. Do they know anything about this class of travel and the effect of a 50 per cent or 100 per cent increase in fares?—Yes.

1066. What more than a guess is there in that?—The distance that some of these people travel is a factor which has been taken into account, and the opportunities for alternative means of transport.

1067. They travel such a distance that they are likely to have to continue to travel; is that what you are saying?—The 5 and 10 per cent has a reflection of that in it.

1068. What you are saying is they are captive?—If you wish to put it that way.

1069. I thought this was what you would say, and I want now to return to what I put to you just now: Where you have a captive audience have you any public duty to that audience?—Yes, with supervision by the Transport Tribunal.

1070. I suppose it is true that so far as the Railway Board is concerned the average fare charged will be higher than in the case of London Transport because they travel greater distances?—The average distance they travel is higher than London Transport, yes.

1071. I did not mean the fare per mile.—Speaking from memory, I think it is about 9 miles as compared with something like 6 or 7 in London Transport.

1072. Round about 9 miles.—About that, yes.

1073. That is what gives that traffic this captive quality, that sort of range of mileage?—You know, this is not all traffic into London, although I admit that a high proportion of it is; but these journeys can be made anywhere in the London area.

1074. Of course, in fact I was going to put that to you myself. Before I leave that subject I should just put this to you: Has any attempt been made at all to assess the deterrent effect on trainees of this fare increase? Have you made any attempt to do that?—No.

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1075. Just one matter I would like to ask you about on your evidence and that is the selection of stations at which you took this test. There were nine stations, if I remember rightly.—Yes.

1076. I did make a note of them: Enfield Town, Lower Edmonton, Highams Park, Ilford, Romford, Harold Wood, Barking, Rainham and Dagenham.—Yes.

1077. I just want to put something to you generally about this little group of stations. They are, in fact, either major engineering centres or close to them, are they not? Well, yes, I recognise some principle of establishments in the Lea Valley.

1078. All these stations happen to lie very close to them?—Yes.

1079. And these are major engineering areas. I am not criticising how you work, but looked at from the point of view of travelling trainees, in this area their places of training would be local?—Yes.

1080. And, therefore, they would not travel.—Yes.

1081. Therefore you get this result, that you get from your tests what may be just people in offices in London?—I accept that.

1082. Perhaps if you took the test where the possibilities of training are not available you would get a different picture?—It is quite possible we should, but, you see, the characteristics of business travel on the east side of London are precisely twofold, (1) the local train to the factories round the valley, and (2) girls and boys coming into the City. Now the other large block of traffic which is widely comparable with the Eastern Region comes from the south side on the Southern Region, and they are predominantly engaged on commercial activities, there is less opportunity for them to go into engineering establishments.

1083. If shall be calling evidence about this, so I want to put it to you very clearly in general terms. People from the south side, for example—speaking in broad terms—have to find their way to training centres and they have to travel to them; in fact, that is their problem, having to travel to get training?—Oh yes. Anybody who is going into full-time training in training establishments presumably wants to qualify, thinking of Polytechnics and such like—

1084. If was thinking of engineering works, for example.—If he goes to an engineering works he has got to pay the full price.

1085. An apprentice?—Yes.

1086. I know that is what you are saying. What I was putting to you is if you take another group of stations in the south and investigate the trainees there, you would find that they had to travel to get to a centre where they could get training—talking about industrial training and training of that kind.—I am advised that on the south side the experience would not produce a very much different picture from the one I have illustrated today.

1087. But we have not got a sample.—I have not got as detailed a sample, but forms have been examined on the Southern Region and they form part of the area test we took last Autumn.

1088. I shall be calling evidence about this, so I leave it there. You did say that the young people coming to the City could not seriously be regarded as trainees, though there might be some. I just want to put some figures to you which are very easily obtainable from the City Youth Employment Bureau: boys, apprentices 260, operatives 1,127, professionals 25—

(Mr. Fay): Could we know what these figures are?

(Mr. MacLaren): They are young people of this age.

(Mr. Fay): Coming by train, working in the City, or what?

(Mr. MacLaren): Working in the City.

(Mr. Fay): That is the total number working in the City, is it?

1089. (Mr. MacLaren): These are the total placed in the year. They do not pretend to be total figures, but they are the total actually placed by the Youth Employment Service: 260 apprentices, 1,127 operatives, 23 professionals, 1,194 clerical, and 674 others. I am told the percentages are: apprentices 6.3, operatives 29.6, professionals no percentage, clerical 27 and others 16.4. For the girls there are 121 apprentices placed and 19 operatives, making altogether 4.5 per cent; and of course the great majority of girls go into commerce, 2,117, and the others are 225. I am only putting these figures to you broadly because here in the City amongst the young people it is not safe to assume they are not coming in for training—I have never said that.

1090. Now the 3½d. fare. At the last increase you put the British Railways' fare in London to 3d. per mile at the outer millages and now you wish to put it up to 3½d.—Yes.

1091. You did give a reason for this which I could not follow. Perhaps you could help me: One of the reasons you gave for putting it up to 3½d. was so this should accord with season ticket increases that have taken place.—No. What we were saying there was because season ticket increases had taken place to the extent of some 22½ per cent since 1962, it was time the ordinary fares were brought into line because they had had no increase at all. Even this will not bring them precisely into line, but it brings them nearer into line.

1092. Of course, that is not what the Tribunal has been told. These season ticket increases were made at the same time as increases in ordinary fares, were they not?—At the lower millages, yes, the ordinary fares have been increased at the same time.

1093. And then you came along with the abolition of the day return ticket.—Last time, yes.

1094. What I am putting to you is it is not right to say British Railways' fares were 3d. a mile in London when in fact they were not until last year.—British Railways ordinary fares has been 3d. a mile.

1095. But you had a return ticket to meet that very situation.—Yes. But it was demonstrated at the last Hearing that the day return had exhausted its usefulness, because by increasing the London Transport ordinary scale we had reached the point where there was very small business being done on those tickets.

1096. And for that very small business you wanted to charge 3½d. a mile?—It was the alternative of either 3d. on the ordinary fare, the season ticket or the off-peak.

1097. Now you want to put it up a further ½d. It is the same process, is it not. What the Tribunal was told before was that the season ticket was a concession given, it was a cheap fare on comparable travel, and that is why the Tribunal agreed that you should increase the season ticket rate. You knew that?—I know the season ticket rates increased to help us meet our financial situation.

1098. You are now saying the season tickets ought to be brought into relation with the ordinary fares.—What I am saying is that the ordinary fares have lagged behind and they ought to take an increase now of somewhere round about 9 per cent.

1099. Is this not rather a circular reasoning? When you want to put up the season tickets you say they are an expensive concession on unprofitable train, and then when you want to put up the ordinary fares you say they ought

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[Continued]

to catch up on the season tickets.—No, I think that that is not quite right. The ideal situation, of course, would be to have one fare and they we would decide how the reductions were to be made according to the circumstances.

1100. You would be free of all regulation.—Of course, we have no obligation to issue a season ticket now.

1101. You might if you did not! Can we be quite clear about this and say you are seeking to charge 3d. in order to get more revenue?—Yes.

1102. And can we leave out all the other considerations?—You could do. On the basis of increased revenue I think it is a very desirable objective.

1103. There is not a great deal of traffic, is there, at this mileage, the 12 mile journeys—JP 5, I think, separates it to about £5,120,000 a year.

1104. Is that a firm calculation? Is this an actual figure or a guess?—This is based on our knowledge of the traffic at the various mileages.

1105. And what is that based on?—The number of tickets sold in the mileage relations.

1106. You do know that?—Yes.

1107. These are hard figures, are they; they are actual sales of tickets that you base this estimate on?—Yes.

1108. On what mileages do you base it?—We have taken a proportion of those journeys of 11 miles which will take a 2d. increase, a proportion of those that will take a 1d. increase, and all the other journeys which will take a 3d. increase.

1109. How did you arrive at this proportion?—All the journeys at 11 miles will only take a 2d. increase and all the journeys at 4 miles will only take 1d.

1110. You know how many journeys are taken in a period at 11 miles?—We know the number of journeys at each mileage.

1111. Over what period, a year?—Yes, taking a sample set of one month.

1112. That is what I want. So you do not know the number of journeys?—I am not prepared to tell you that I can tell you precisely every ticket sold at over 500 stations, we have to take a sensible short cut to arrive at what is a reasonable figure, and we arrive at £5,120,000 as the result of that exercise.

1113. How did you take this sample; what sort of sample was it?—We analysed completely for one four-weekly period the ticket sales for all the 500-odd stations into mileage gradations.

1114. At all the stations?—Yes.

1115. What four-weekly period was that?—When we were before the Tribunal in 1964 as a result of the mileage gradation exercise we were able to produce AD 6, which shows you in groups of mileages the proportion of ordinary and day return traffic and the proportion of season tickets. Now those figures were produced to demonstrate a point, and the base information is there.

1116. When was that base information collected?—That was collected in preparation for the hearing in the end of 1964. I think, if I am right, we took the year to mid-June, 1964.

1117. But when was your sample period; what four weeks was it?—It was in that period.

1118. Could you find out? I would like to know the actual four weeks?—I am sorry; it was certainly in 1964.

1119. It could have been in 1963, the year to mid-June.—I cannot tell you precisely what four weeks.

1120. Could somebody else tell you?—There were projections made on each four-weekly period in each of the Regions.

1121. What does a "projection" mean?—You take one four-weekly period, say May, and you apply your knowledge of the other months in the year and you develop your four-weekly figure to an annual figure.

1122. But was this four-weekly figure an actual count?—We started with the actual number of tickets sold.

1123. And this happened in a four-weekly period?—Yes.

1124. Was it a different four weeks for each station?—It would be for different Regions.

1125. Did each Region take a four-weekly period?—Yes.

1126. At all its stations?—Yes. One Region, I know, has got more equipment for doing this job and can do it more regularly than another Region. So that these base figures that I speak about are compounded of different experiences, but they are all totalled up to a sensible figure.

1127. Do not worry about any one Region, it is each of the Regions I want to ask about. Does each Region have a four-weekly period during which it notes how many tickets were sold at all its stations at different mileages?—No. This is quite impossible to do except on special occasions, and we did such a test as this two years ago, in 1964, which gave us the projection to mid-June. Now it is quite impossible to gather information month by month—

1128. I am not asking you to gather it month by month. All I am really asking is when was this four-weekly period; on what day did it start and on what day did it end?—I have not got the information and it varied from one Region to another, and some Regions were able to do more than one four-week period.

1129. At any rate, at the latest they were done in 1964?—The last test that we used was 1964, yes.

1130. And that is the basis of your calculations this time?—No.

1131. What did you base them on this time?—We have used the proportion of journeys at each mileage.

1132. How do you know that—that is what I want to know. How do you know the proportion of each journey at each mileage?—This is what the test was for.

1133. But that was two years ago.—Yes.

1134. Then what I am putting to you is right, that your figures this time were based on the test made two years ago.—No. We have applied the material in the test to the annual figure of journeys, so that we arrive at a figure for each mileage which is a sufficient indication to show what the benefit of the increase would be.

1135. I just want to take this a bit slowly because I want to understand it. What you are saying is you took a test two years ago which gave you journeys at each mileage, and you applied those proportions to your total sales of tickets.—Yes.

1136. Was that over the year, or was that over a test period?—Over a year.

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[Continued]

1137. That is what you call projecting the proportion; is that right?—I was not saying that. To take as an example day returns—which, of course, are not available now, but this is to show you what I mean—we show that at 8 miles we were issuing 10.1 million journeys on day returns.

1138. How did you know that; how did you get at this figure? I have asked you several times and I want to understand how you start with a sample in 1964 and turn that into journeys in 1966—it is rather a tedious process, but I will tell you if you wish to know. A man buys a ticket at a booking office. He pays his money and the booking clerk records in a train register book or a station register book that he has sold that day tickets from No. so-and-so to No. so-and-so, which gives him the number of tickets. In due time that station record is duplicated by way of a return which goes to the Revenue Accountant, who checks to ensure the proper fares have been charged, the commencing and closing numbers are right from the previous month and the stock of tickets is right. Then they proceed to say: "Well, now, the distance between A and B in respect of which this ticket was issued, or this group of tickets was issued, was so many miles," and so it put into that little pile. And from all the 500-odd stations in London that picture is built up until you arrive at a situation where I can tell you that at 8 miles in that year, based on those tests, you got 10 million journeys.

1139. I am completely at a loss now. Are you saying that you know how many journeys are made in a year at each mileage, or are you saying that this is a calculated figure from a base?—It is possible to be precise.

1140. But are you precise?—We are not precise because it was far too expensive.

1141. That is what I thought. So we are back where we started, and what I want to know is when the sample was made in each Region and how that was taken into the figures in JP 5.—I thought I had told you that.

1142. Maybe you have, but I am afraid I have not got it.—Having taken the test, having done our arithmetic by building it up to an annual figure with as much sense as we can, we then arrive at percentages at each mileage of the total, and we can apply that percentage for that mileage to next year's total sales of tickets, which we know.

1143. And again the year after?—And again the year after. We can then convert that into money arising from the increase.

1144. I follow that. I thought that was what you did, and now I do understand. I want to put this to you, quite shortly: you gave as one of the explanations of the loss of the anticipated £1m. that people's journeys change.—Yes.

1145. Do you think that affects your calculation?—We know that.

1146. Do you take that into account?—We do take account of that.

1147. In JP 5 you show the gross yield figure of £450,000 and the net figure of £380,000?—Yes.

1148. Where a journey is partly on British Railways and partly on London Transport how is that fare calcu-

lated?—Most of the journeys that are through are calculated on the through scale.

1149. What is the through scale?—We have not got that, have we?—I think you take a choice whether it is the British Railways' Fenchurch Street line scale or the London Transport scale.

1150. They are the same scale. When you have a through booking from British Railways to London Transport, are you saying the charge is the same as the Fenchurch Street scale for the whole total distance?—If the journey originates on the Fenchurch Street line—

1151. I was not putting that.—Your questions, I thought, was what do we charge on through journeys.

1152. How do you calculate the charge?—I said for most of the journeys that are through on London Transport they are charged on whichever of those two scales you want to choose.

1153. London Transport or Fenchurch Street?—Yes, because most of the through journeys are on the Fenchurch Street line. We have no through bookings at ordinary fares from most of our stations.

1154. You have to re-book?—Yes; but the season tickets are charged on the season ticket scale, which is common to both Boards.

1155. There is no break in the calculation, it is the total distance?—We take the total distance at the moment.

1156. At ordinary fares you do not have through bookings?—Except where we have these through fares, such as the Fenchurch Street line.

1157. So what the passenger has to do is buy two tickets?—If he is changing at a terminal station, yes. There is, of course, the Queen's Park/Watford line and we had the problem of the Harrow and Amersham line the other day. There are a few stations down the Shenfield line where there is an exchange at Stratford; but we only charge the L.T. & S. scale at the L.T. & S. stations, in every other station it is either British Railways or, as it may be in the case of the Harrow line, the London Transport charge.

1158. I would like to know how you have arrived at this figure of £380,000 for 3½d. a mile. What amount of journeys do you have at these distances above 12 miles and within the area?—There cannot be such a vast number of journeys?—It is £3m. worth of business; that is roughly one-third, is it not?

1159. One-third of the business?—One-third of the ordinary business, yes.

1160. Is it mainly the Southern, the Liverpool Street line?—You do not get many of these journeys off the eastern side and the western side because the London area does not extend beyond about 15 or 16 miles, but the highest volume would be on the Southern Region.

(President): You will not want to commence your re-examination tonight, Mr. Pay, so we will adjourn until 10.30 tomorrow at Watergate House.

(Adjourned until 10.30 tomorrow morning)



PROCEEDINGS OF THE TRANSPORT TRIBUNAL

LONDON FARES AND MISCELLANEOUS CHARGES DIVISION

TUESDAY, 3rd MAY, 1966

PRESENT:

G. D. SQUIBB, Esq., Q.C. (President)

SIR THOMAS ROBSON, M.B.E., F.C.A.

R. C. MOORE, Esq., O.B.E., M.Inst.T.

Mr. E. S. FAY, Q.C., and Mr. K. JUPP, Q.C. (instructed by Mr. M. H. B. Gilmour, Solicitor to the British Railways Board) appeared on behalf of the British Railways Board.

Mr. J. T. MOLONY, Q.C., and Mr. L. MACLAREN (instructed by Mr. E. Kelsey, Solicitor and Parliamentary Officer to the Greater London Council) appeared on behalf of the Greater London Council.

Mr. M. C. PARKER and Mr. P. GRIEVE (instructed by Mr. Keith Lander, Town Clerk and Solicitor to the London Borough of Barking, and Hon. Secretary to the South Essex Traffic Advisory Committee) appeared on behalf of the London Borough of Barking and the South Essex Traffic Advisory Committee.

Mr. G. MERCER (instructed by Messrs. Knocker & Poskitt, Solicitors to the Travellers' Associations—Joint Committee) appeared on behalf of the Travellers' Associations—Joint Committee.

Mr. D. KRENE (instructed by Mr. A. E. Poole, Clerk of the Thurrock Urban District Council) appeared on behalf of the Thurrock Urban District Council.

Mr. F. A. RULER, represented the Federation of Residents Associations in the County of Kent.

Mr. G. E. AUSDEN represented the Association of Public Transport Users.

(Mr. Fay): I think cross-examination of Mr. Puntney

had been concluded, Sir, and it now falls to me to re-examine.

MR. JAMES HENRY PUNTNEY, recalled

Re-examined by Mr. Fay

1161. One thing I wanted to ask you about was with regard to two of the GLC tables, which I must confess I had thought you would be cross-examined about. Since it appears that the Tribunal have copies of those tables, I had better invite you to call attention to one or two errors if you have GLC 3 and GLC 4 in front of you.—I have GLC 3.

1162. Then let us look at GLC 3 first of all. On that document, the second journey, Cannon Street to Beckenham, is wrongly described as "LTB"; it is in fact one of yours, is it not?—Yes.

1163. And the fare is wrong?—Yes.

1164. (Mr. Fay): Instead of going through the fares in detail, Sir, perhaps it would be better if we were to agree them with my learned friend and tell you what has been altered; they are not very substantial. (To the witness): On this particular line, line 2, it is not what is shown, but £1 5s. 9d.; is that right?—Yes.

1165. And I think we have informed the Greater London Council of these alterations?—Yes.

(Mr. Fay): I do not know whether the alterations have got on to your copies, Sir?

(President): No, not yet.

(The Witness): There is one other point on GLC 3; it is that there are five stations shown on there which are not in the London area.

1166. (Mr. Fay): Yes. I do not know whether those have been noted on the revised copies; I think we have starred them. One of the advantages of the intimacy

of the proceedings today is that I can observe that your copy is starred, Sir! (To the witness): I pass on; those starred stations are outside the London area?—Yes. I have now been given a copy of GLC 4.

1167. There are two starred stations there, Brighton and Southend?—Yes.

1168. And the rate is wrong; the weekly rate for Southend should be £2 17s. 0d.?—Yes.

1169. And that is by either route, whether you travel on the Fenchurch Street line or the Liverpool Street line?—Yes.

1170. I think that is all I wanted to ask you about that. Yesterday my learned friend Mr. MacLaren put some questions dealing with the withdrawal of cheap season tickets to juveniles in gainful employment, and he introduced the question of the public interest. Do you find your public interest within the terms of the Transport Act so far as British Railways are concerned?—Yes; that is our case.

1171. As a private citizen and a voter, would you be prepared to express views as to whether, broadly speaking, it was to the advantage of society to give some relief to young people entering training?—Yes. If I were asked my personal views—

1172. I am not going to ask you for them, but you would be prepared to give them?—I would.

1173. Speaking as British Railways for these purposes, do you consider that you have to confine your view of the public interest to what Parliament has laid down?—Yes.

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MR. JAMES HENRY PENTNEY

[Continued]

1174. And if we look at Section 22 sub-section (4) of the Transport Act, 1962, we all know that the generalities of the Board's obligations, as they are set up in this Act can be described as having to make ends meet, taking one year with another?—Yes.

1175. The special provision for the Railways Board is stated in sub-section 4: "During the period of five years beginning with the vesting date"—and the vesting date was 1st January 1963 so that the five years is still running?—Yes.

1176. "... sub-section (1) of section eighteen of this Act shall not apply to the Railways Board, but the Railways Board shall so conduct their business as to place themselves at the earliest possible date in such a position that their revenue will be, and continue to be, not less than sufficient for making provision for the meeting of charges properly chargeable to revenue, taking one year with another." Is that the financial duty under which the Board regard themselves as being?—Yes, as I understand it.

1177. And with that in mind does the Board consider that the London passengers within the jurisdiction of this Tribunal area, adopting the Tribunal's own decision, regarded as an independent undertaking, to pay for itself?—Yes.

1178. Does it follow that the less one class of passenger pays, the more another class has to pay?—Yes.

1179. Do you see any justification for splitting the burden between the various passengers, by requiring the adult passengers, whatever their income, be it great or small, to cross-subsidise the juveniles—I see no reason for that.

1180. I suppose a possible extension of that would be to charge double for saturday payers?—Yes; there are endless permutations on this theme.

1181. Has it ever been possible to apply any kind of means test in respect of this particular loaded class?—No, it is quite impossible.

1182. And do you consider that this particular fare has any utility today?—I think it is wrong today.

1183. I pass now to another matter. My learned friend Mr. MacLaren asked you questions about the precise manner in which the revenue from various mileage gradations of the ordinary fare charging had been assessed; do you recollect that?—Yes.

1184. I think you said that in all there was £5m. in it?—Yes.

1185. I would like to ask you more precisely than you were able to answer yesterday just how that exercise was conducted. At the last Inquiry did Mr. Dixon put in a table, AD 67—Yes.

1186. That is to be found on page 136 of the proceedings, and you referred to it yesterday?—Yes.

1187. The second half of that table gave what is described as an analysis in 5 mile gradations; it is receipts expressed in percentages, is it not?—Yes.

1188. And that is in 5 mile gradations?—Yes.

1189. Had there been a test which could have enabled this to be enlarged in 1 mile gradations?—Yes.

1190. Tell us how that was carried out.—During the year which ended in mid-June, 1964 we had our regions examine the ticket sales in various periods during the year. For example, one region took the eleventh four-weekly period in 1963 and again the second four-weekly

period in 1964. Those two periods were used to uplift to an annual figure, appropriately weighted for seasonal characteristics—

1191. That is what you called yesterday the "projection"?—Yes, a projection to a yearly figure showing that up to mid-June we had this projected figure from the sample—

1192. That was one region which took two periods; did other regions take other periods?—Yes. Another region took periods one to five—that was the Midland Region. The Eastern Region took the tenth period in 1963 and the first and third period in 1964; and the Western Region took the first and third period in 1964. This is for ordinary and day return traffic.

1193. Yes; that was the basis and you say that there was a projection which Mr. Dixon used for this table?—Yes.

1194. After that exercise, and last time's Public Inquiry, the day return ticket was withdrawn; have you made any test to ascertain whether that has influenced the division of receipts amongst the mileage gradations?—Yes. For ordinary traffic we took a test in four weeks in May 1965 with the object of testing the validity of the main test which had been taken a year earlier, and the result of that test broadly shows that we were right in our 1963-64 test.

1195. That is the mileage gradations and that is one of the principal factors in assessing the yield from the farthing, is it not?—Yes.

1196. On a related subject there was a good deal of examination and cross-examination as to the reasons why the receipts last year were down compared with the previous forecast. This year you have not assumed a further decline; you have assumed a small increase, have you not?—Yes.

1197. Have you to hand the actual results of some weeks of this present year?—Yes, I have seen the figures for the first twelve weeks of this year.

1198. What is the indication of those figures, bearing upon the present forecast?—The receipts for the first twelve weeks indicate that our estimate of the revenue is about right.

1199. I suppose twelve weeks is a rather narrow base on which to form any view?—It is not long enough to go to the end of the year.

1200. Is the revenue ahead or behind?—Slightly ahead—a matter of £10,000 over twelve weeks.

1201. My learned friend Mr. Molony wants to know what it is ahead of; would you explain what you are comparing? He wants to know whether it includes the 0.3 trend; have you compared the twelve weeks with the figure you have put before the Tribunal in the forecast for 1966?—Yes. We have taken a proportion of the estimated yield for this year of charges before 16th January and charges from 16th January and our receipts in the first twelve weeks are slightly ahead of that proportion.

1202. I do not suppose you wish to attach too much weight to that coincidence because of the shortness of the period?—No.

1203. So far as it is relevant, does it indicate that your optimism in adding 0.3 for trend was justified?—Yes; I feel satisfied that we have a reasonable figure.

1204. There is only one other matter, Mr. Pentney, which is perhaps of minor importance: You said, when dealing with the juvenile season tickets; that you had had a test in which something like 14,500 forms were examined?—Yes.

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MR. JAMES HENRY PENTNEY

[Continued]

Q205. Have you the number of those forms which represented the half rate as opposed to the two-thirds rate?—The 11,535 forms in total were divided as to 11,264 at two-thirds rate and 271 at half rate.

Q206. So that it is only 291—say 300—out of 11,500-odd

(The witness withdrew)

(Mr. Fay): Then that is the case for British Railways, but there is some unfinished business with regard to London Transport, namely the re-calling of Mr. Lloyd in order to deal more fully with the juvenile season tickets. Perhaps I might recall him now. For the record, he has

MR. FREDERICK JOHN LLOYD, recalled

Further examined by Mr. Fay

Q207. Mr. Lloyd, there are one or two additional matters that I should like you to deal with before you submit yourself to cross-examination; I did want to ask you a question or two about the road travel situation as regards juveniles. As regards your own road services, the position is at present governed by paragraph 17 of the existing Order, is it not?—Yes.

Q208. And sub-paragraph (a) makes provision for half rate ordinary tickets, there being no other by bus, for passengers over 14 and under 18 and who are not in receipt of remuneration exceeding 25s. 0d. a week, and who produce a card furnished by the Board and issued by the school or institution concerned?—Yes.

Q209. Is it the proposal of the Board to amend that provision to bring it into line with the provision asked for in respect of the Railways; that is, to delete the reference to earning not more than 25s. 0d. a week and to substitute in effect full-time education?—Yes. It will still permit people who are under full-time education to have this facility, but it will eliminate those people who are earning, and who are earning less than 25s. 0d. a week.

Q210. In practice what has been found to be the demand on the road services for these cards and the consequent half rate tickets? Obviously you must get demands from Education Authorities who are under a statutory duty to provide transport.—We have a very large demand indeed from people in full-time education; but the number of people earning or receiving less than 25s. 0d. a week is quite negligible.

Q211. And as regards the numbers receiving full-time education, which form the great bulk of the passengers concerned, there is no change proposed?—No change at all.

Q212. Have you, like Mr. Pentney, enquired into the practice of road operators of passenger services in the Provinces?—Yes; we made enquiries of various municipal and company undertakings in the Provinces.

Q213. I think Mr. Pentney said that he had enquired of the two large groups of omnibus companies, which I take to mean the B.E.T. and the Tilling Groups; have you enquired of municipalities as well?—Yes—Birmingham City Transport for example.

Q214. What do you find is the practice outside London?—In Birmingham City Transport I am informed that up to the age of 14 they travel at half fare; after the age of 14 they travel at half fare only if they are undergoing full-time education, and they are covered by identity cards which are issued to them.

Q215. Is that similar to the practice in London which you are seeking to continue?—Yes, subject to this very minor point which you have just raised about the under 25s. 0d.

Q216. Which you are seeking not to put in?—Not to put in.

which are affected by the hundred per cent increase?—Yes.

(Mr. Fay): Thank you, Mr. Pentney; I do not know whether the Tribunal have any questions?

(President): No, thank you, Mr. Pentney.

dealt in detail with this topic in chief, at page 28 of the daily proceedings, in questions 436 to 468, and the Tribunal will recall that he put in a table, FJL 8, appearing at page 92 of the transcript relevant to this topic.

Q217. In other words if this is granted, you will be in line with Birmingham, or Birmingham will be in line with you?—Yes.

Q218. What about the generality?—The generality is that half fare is given generally at age 14; there is an exception at 13 and an odd exception at 15, but thereafter on the road side the facility of cheaper fares over the age of 13, 14 and 15 is only given if they are undertaking full-time education.

Q219. I pass now from that topic, and I would like to make a last comment upon certain aspects of the Greater London Council's documents. The first of the Greater London Council exhibits, GLC 1, gives the total number of juveniles entering employment in the Inner London Education Authority's area in 1964; do you wish to compare that with your exhibit FJL 8, which has already been put in?—Yes. Exhibit GLC 1 shows that in the London Education area, at ages of 15 to 17 inclusive, there were 30,000-odd young people—that is, 15,938 boys and 14,738 girls—and I would contrast that with the 8,500 who got two-thirds rate on London Transport Railways and the 2,700 who got the half rate.

Q220. Yes; that is looking at your table FJL 8?—Yes.

Q221. And disregarding the last line, which is the full-time educational figure and the children under 14?—Yes.

Q222. So the proportion of those entrants who are carried by London Transport seems to be small?—Yes, very small indeed.

Q223. And those who got the half rate instead of the two-thirds rate because they are earning under 25s. 0d. per week, are, according to your figures, only 100 in the whole system?—Yes.

Q224. And did you have an enquiry made a little time ago as to the rate of earnings of the persons who are making use of your facilities?—Yes. I think the easiest way in which to put this forward is to put in another exhibit, which will be FJL 10.

Q225. Yes; I think it will be more handy than putting it on the transcript as an answer. (Exhibit FJL 10 put in). One sees that in this table you have analysed by amount of weekly earnings vertically, and by age horizontally, the applicants for reduced rate season tickets, and you have given the answer in percentages. How was this analysis conducted; how was the raw material obtained?—This analysis was taken in April, 1963, and the information was not available on our normal type of application for reduced rate season tickets; so for a period in April, 1963, we withdrew our normal application forms and used a special application form on which we required the applicant for a reduced rate season ticket to have a certificate signed by his employer stating the total remuneration, or monetary payment, that he was receiving at that time. We collected during those four weeks approximately 10,000 such applications and the statistical

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MR. FREDERICK JOHN LLOYD

[Continued]

analysis took a random sample of one in three. This analysis, which is exhibited, relates to approximately 3,300 cases. This of course was in April, 1963.

1226. Yes, and looking at the result, as one would expect, the older the young person the more he or she earned; at 15 years your highest percentage is between 15s. 0d. and 25s. 7.—Yes.

1227. And at the next age, 16, the highest percentage is bracketed between 25s. and 27s. 7.—Yes.

1228. The two being a dead heat I see; I think it is 55 per cent between 25s. and 27s. 7.—Yes.

1229. And then, at age 17, your highest percentage goes up to the 27s. and 28s. group?—Yes.

1230. And then in total over the whole, you have between 25s. and 27s. 7.—Yes.

1231. 6 per cent of age 17 getting 29s. or over?—Yes.

1232. And that was in April, 1963?—Yes.

1233. Do you now call attention to the note at the bottom of your table?—Yes. These figures of earnings should be uplifted by some percentage because of the change in the rates of pay which have applied to these young persons since then. I took a quotation from the Ministry of Labour Gazette issued in February, 1966, which shows that between April, 1963, and October, 1965, the average increase for men under 21 and women under 18 was 24 per cent; and if you make the same allowance for the six months since then, it would show an average increase of around 30 per cent.

1234. Exhibit GLC 2, if I may now turn to that, aims to give some rates for apprentices, and I would like to ask a number of questions about that. What sort of rate do you deduce these to be?—I think the rates quoted on GLC 2 must be both the minimum rate and basic rates governed by national agreement; in my opinion I would not consider that these are the actual earnings which are being received by these young persons.

1235. In fact do persons of that age, and indeed other ages, bring home more than the basic minimum as a rule?—In my view, very substantially more than these basic minima, because it is very difficult, if not impossible, to obtain people to work at the rates given on this sheet.

1236. Have you some information about the hairdressing trade, which is one of those given?—Yes. I understand that it is quite impossible to get hairdressing trade apprentices at these rates. The pay which is given to such hairdressing apprentices is higher than this, and of course this is a trade where tipping is not unknown. I think further that in the hairdressing trade it is now possible, in the comprehensive schools, for girls to do a preliminary course of hairdressing at school and they are then taken on by the hairdressers, not as indentured apprentices, to which I understood these rates apply, but in fact as trainees, and they would then receive more than these minimum basic rates.

1237. Another trade on this list is catering; has London Transport some practical experience of the catering trade?—London Transport has a very large catering organisation, with a turnover of nearly £5m. a year and I believe that these rates apply to trainee cooks.

Cross-examined by Mr. Molony

1251. Mr. Lloyd, what is the commercial justification for having half fares up to the age of 14?—There is very little commercial justification; in fact it is now becoming evident that this should be increased, and this has already happened in certain parts of the country recently.

1252. Is there any prospect at the moment of the cheap half rate for under 14s. being altered in London

But certainly, in the London Transport catering staff, we have no catering trainee earning rates as low as these.

1238. I think this is quite obvious, but is London Transport also concerned with the engineering industry and engineering training?—Yes. We have not only the maintenance of the buses on a day to day basis but we have major overhaul works and at these major overhaul works on the road side we employ indentured engineering apprentices.

1239. Yes; looking back to GLC 1, there are shown in the lower half apprentices by type of employment, 14,729 boys.—Yes.

1240. What part of that figure do you consider that engineering apprentices form?—I would expect that the apprentice system in engineering gives us still a very large employment of properly indentured apprentices.

1241. In some trades is apprenticeship declining as apprenticeship?—I believe that it is so to some extent, but I do not think it is so much in the engineering trades.

1242. And you yourself, of course, have engineering apprentices?—Yes, particularly at our overhaul bus works.

1243. And have you the figures for what their basic scale is and for the bonuses which they in fact receive?—Yes; I give the rates for ages 15, 16 and 17. The basic rate at 15 is 24s. 15s. 6d., at 16, 25s. 1s. 0d., and at 17, 25s. 17s. 6d. They receive on top of these figures, once they reach the age of 16, a share of the bonus rates. The bonus they receive on average at the age of 15 is nil; at the age of 16 it is 2s. 10d., and at the age of 17, 2s. 10s. 10d., making the average total wages for the 16 and 17 year olds, 28s. 10d. and 29s. 4s. 4d. per week.

1244. That is the basic scale, plus the bonus, which starts at age 16?—Yes.

1245. Does the sum of those figures represent what they take home less deductions; there is no question of overtime?—Yes, it so happens that for apprentices at the works there is very little overtime at all worked and therefore this is what those boys take home for their five-day week.

1246. Do you regard that as a fair picture of the engineering industry in London as a whole?—Yes; on these figures we would not regard ourselves as being out of scale with the rest of the engineering rates in the London area.

1247. Now I pass from that; I think you have one minor comment on exhibit GLC 4, the cost of weekly tickets. The London Transport fares are correctly shown, are they not?—Yes.

1248. In about the centre of the column is: Wembley to the Temple; there are several stations at Wembley are there not?—Yes; it should be Wembley Central.

1249. You have already expressed your view of the policy question of cheaper fares for young persons who are earning money; did you hear what Mr. Pentney said this morning on the subject?—Yes I did.

1250. Is there any difference in view between London Transport and British Rail on this topic?—No.

as far as you are aware?—If it was to be done the same way as it is done in New York we would be receiving—

1253. I am not interested in New York; would you mind answering my question?—I would wish to follow the system in New York if it was possible to do so.

1254. That does not tell me very much. Would you

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[Continued]

kindly tell me what is in your mind for London?—That for a person who has to travel and who is occupying a seat in a bus at a peak hour, the commercially justifiable fare is the full fare, and if there is an overwhelming requirement for certain people to be subsidised, it should be borne not by the travel authority but by the government or the local authority—the education authority.

1255. The view you proposed is that anybody not an infant in arms ought to pay for the seat he occupies?—That would be my answer to your question what is the commercial justification for charging.

1256. And it follows from that there is no commercial justification for retaining the educational season ticket at all?—I disagree with that.

1257. What is the commercial justification for retaining it?—I consider that the educational season ticket over the age of 14 can for the moment—

I am sorry; I did not understand your question, that is why I was slightly flummoxed.

The phrase educational season ticket has a present meaning which includes people who are in employment. I am not clear whether your question relates to those or to the people in full-time education.

1258. I am using a phrase which is your phrase; it is in the order. Your proposal is that the educational season ticket previously so described should be confined to those in fact undergoing full-time education?—That is our present application.

1259. I know, but the point I am making—with which you must agree, I think—is that there is no commercial justification for retaining that at all.—That is so.

1260. What is the position, then, in view of your evidence: is it just that London Transport and British Railways have not the courage of their convictions to abolish all these concessions?—It is our policy to eliminate what are known as substandard fares. It is not appropriate in our view to do the whole of this in one fell swoop, but we are quite clearly moving in that direction, and this is a further step similar to recent steps which took place for the workmen's fares.

1261. So you want the tribunal to understand (perhaps they understand it already, I do not know) that in fact this is just a progression along the line which will ultimately end with no concessionary fares to anybody who is not an infant in arms; is that it?—No, because, as I have mentioned, there are now instances, both in this country and abroad, where the passenger receives the concessionary fare but the cost of providing that concessionary fare does not fall on the transport authority nor on the other passengers who are being carried, but is borne by an outside authority.

1262. What you say is you do not mind indulging in the mechanics of giving concessions to special classes providing you are recouped in respect of those concessions?—We do not regard it as part—

1263. Is that right?—I am about to answer it: we do not regard it as our responsibility under the Act to apply a means test; we would regard that as a matter of outside policy.

1264. Now would you mind answering the question?—That is an answer.

1265. It is not an answer. Would you listen to the question again: is it your line of thought that you are prepared in the future as a matter of policy to operate concessionary rates providing you are recouped by somebody else for the loss in fares which you sustain through giving those concessions?—In the specific cases I am referring to, yes.

1266. I do not know what other cases there are.—There are certain concessionary fares which we operate outside peak periods which are commercially justifiable. I would not like it to be thought that we are saying it is not appropriate—and financially and commercially appropriate—to issue cheap fares at certain time of the day or on certain occasions.

1267. I dare say we can still make a distinction between the cheap fare which is commercially justified and which is designed to pull in extra traffic and fill up empty seats in trains, and the concessionary rate which has been operated up to this time in favour of juveniles.—Yes.

1268. And of course my question is related solely to the concessions of the type we have been addressing ourselves to.—Yes.

1269. Now can I have a direct answer to the question, which I ask for a third time: is it your board's line of thought that these concessionary rates should not endure unless the board is recouped by somebody else for the money they lose in respect of them?—We are moving towards that policy in due course.

1270. That does not quite answer the question. Is that the policy you are now adopting?—Yes, that is the policy we are following.

1271. So there is a threat from the point of view of the juvenile, the apprentice or the person who is going to undergo training between the ages of 14 and 18 within the next few years that your board's policy may deprive him of any concession from you?—Our present policy is that those who travel on the buses will be untouched, and those who travel on the tubes with season tickets will lose this facility—this concession—which they at present have.

1272. I am not asking about present proposals but about the future prospect.—If the present proposals are agreed, they will then be paying full fare, and we shall not be proposing any difference to them.

1273. No, they will not, if they qualify for the educational season ticket of the future which you are asking for; but you are proposing to abolish that in due course?—I did not understand you were using it in the other connection.

1274. If you listened to the question.—The phrase you used was educational ticket.

1275. Are you moving towards the state of affairs when the concession offered under your present proposals will be abolished too, if you have your way?—That may well happen.

1276. At the moment you have an order which defines educational season ticket, and people have to make an application in order to receive the benefit of the existing concession. Is the application form which you use the same as the British Railways one—because I have got that; I have not so far compared it with your form?—It is not the same piece of paper; whether it has the same words on I do not know. (Form handed.)

1277. (President): Is this the up-to-date form?—It has "Railway Executive" on it; are you using up the old stock?—Yes.

1278. (Mr. Molloy): Certificate A on both application forms is the important one. It must be filled up in all cases in ink, and the root matter which is called for is a declaration that the ticket is required for residential purposes only to enable the applicant to attend school/employment—these are the two choices given, and you strike out whichever is inapplicable—and those two phrases are used in the British Railways form too, I see. So the position is quite plainly that in devising this form and getting people to fill it up in order to obtain a concessionary rate you made no attempt at all to make

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the form conform with the existing order?—There is of course another certificate, certificate B; but you are quite correct that we have in effect given up the struggle of deciding whether the person is undergoing training or not.

1279. When did you give up the struggle?—Many years ago.

1280. I wonder if you ever entered it! Can you show me an earlier form in which there is some reflection of your efforts to relate the application to your order?—I could not do that.

1281. So the position is that for years and years, whatever was the appropriate way of handling this concession under the order, by this form you have led young people in London to think that if they were of the appropriate age and were earning less than the appropriate amount in certain cases they were entitled to a concession although they were in employment?—We were giving them—

1282. Would you answer that question and not something else?—I cannot answer it directly.

1283. Is your answer no—because if it is, I shall pass on due time make my comments?—I cannot give a clear yes or no to that because we were offering the tickets below the maximum rate, and our entitlement under the Act would have been the maximum charge; if we offer them a fare below the maximum—

1284. When you talk about the Act, do you mean the order?—Yes, I am sorry.

1285. I am sorry; I interrupted.—If we offer them a fare below the maximum, then there is no need for us on that application to make it clear that we are offering them something below the maximum for which we are entitled to ask.

1286. That may make sense to some people, but it does not make sense to me, I am afraid. The object of this form is to indicate to people that there is a concessionary rate and to inform them how they qualify for it?—That is right.

1287. They are not interested in looking at the terms of the order or finding out whether you are exacting the maximum, the minimum or whatever it is; all they know is they are getting something at a lower rate than other people?—Quite true.

1288. And this form which has been in use for countless years—since you gave up at unrewarding struggle—tells them they are entitled to this concession albeit they are in employment?—It tells them we shall issue them with a ticket at that rate.

1289. At a concessionary rate?—Yes.

1290. Whether they be at school or in employment?—Yes.

1291. I quite agree that if they are earning money there has to be a further certificate dealing with the amount of their earnings. These concession rates under the existing arrangements may be utilised by youngsters in London for a full three or four years?—I would have thought very few left school before they were 15.

1292. Four years might perhaps be unusual, but three years would not be unusual?—It would be the maximum.

1293. You have referred to other cities. I suppose I am right in suggesting that on the whole people who travel from home to work in London (using the same in the transport sense) have longer journeys than those in any other city in the country?—That applies to the generality of travellers.

1294. And I suggest that its applying, as it does, to the generality of travellers, if one could make the comparison it would also apply to that particular class that we

are concerned with.—That was not the point your colleague put to my colleague yesterday.

1295. Never mind arguing about what my colleague put to your colleague. Apply your mind to the question.—My answer would be I do not know.

1296. Would you disagree with the suggestion or would you think it was probably right, that youngsters in London on the whole, like adults in London, have longer journeys to make to their employment?—It is certainly true of the young people who are employed in commercial and clerical work.

1297. And I suggest it may well be equally true of those in the engineering trade, who may have to go a long way from suburban areas to find the appropriate centre to be apprenticed.—That I am more doubtful about. I should have thought there were more engineering establishments in the outskirts of London near their homes than there were, possibly, in provincial cities, where there would be only one appropriate centre and they might have quite long distances to travel. I could not agree one way or the other.

1298. Do you accept the possibility that there are in London at this moment some thousands of people who have taken, for example, apprenticeships of one sort or another involving long daily journeys, in the belief that for a full three years in all they will have the benefit of your concessionary fares?—No, I think that is false.

1299. Why?—Because in FUL 8 we show that there are 8,500 people at the two-thirds rate, and when we made this test, which as described to you, in 1963 we did group the applicants into occupations. We did not do a very precise grouping; we grouped them into three groups: one was office workers, one was factory and shop workers and the third was apprentices and students; and on the evidence of that sample the apprentices and students combined were less than 10 per cent of the sample. So my impression is that with regard to people receiving two-thirds rate season tickets in the London area, the apprentices and students combined form less than 10 per cent of that 8,500 figure.

1300. Very well; you do not accept my proposition in relation to apprentices?—No.

1301. But it still must be right in relation to young people who have found jobs, and who because of their comparative youth, must be learning their jobs, and who may have taken their particular employments at particular places on the supposition that they would have concessionary transport rates for a total of three years, some of which, I agree, may have elapsed?—I cannot comment on this; possibly it is so, possibly not.

1302. You may agree with it if it is obviously right?—I do not think it is. My own view is if somebody is offered a job in the centre of London at a very high rate of emolument in the commercial centre, the fare he pays is not a major factor in his deciding whether or not to work for that particular employer.

1303. If you include in your answer the assertion that it is confined to people employed at a high rate of pay, that introduces an element which I do not accept and which was not part of the question I put to you. Look at year 2,600 people aged 14 to 16 who, on your estimate, are now enjoying concessionary travel at half rate. Of course this is based on what happened in 1963, but in 1966 there may well be a substantial number who have only just taken jobs, who are enjoying the benefit of the half rate and who are looking forward to that half rate for another year or two, and then the two-thirds rate?—May I correct: FUL 8 relates to the actual year 1965, and not to 1963.

1304. Very well; I accept that correction.—Subject to that, the answer is yes.

1305. Your proposal involves at once saying that this concession (upon which you may have founded some of

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your decision as a youngster) is to go—and go for good in your case, because employment is no longer a qualifying ground for any concession at all?—That is our apprehension.

1306. This is the 1965 position as far as you can discover it, but in fact it is only an estimate as for 1965; it is not an exact calculation of those presently enjoying concessionary rates, is it?—No, it is an estimated figure, but I would be very surprised if the 12,500 was not within 5 per cent of the actual total.

1307. I must confess I do not appreciate the difficulty in getting a fairly exact figure; what is there to stop you from counting the number of these forms?—This is what we did, but we did not count them for a whole 12 months.

1308. Did you count them at any particular date?—Yes, we counted them for a period; but if you take the weekly tickets, they are renewed weekly, the monthly are renewed monthly and the three monthly three monthly; there is a very large proliferation of forms spread over something like 400 or 500 stations, and this is a very major task. So what we did was to count them for a period, which is why I have called it an estimate.

1309. What is the period: quarterly, weekly or what?—I am advised that it was in fact worked back over the year, and to that extent what I have said about its being a sample was not strictly true.

I might add that we have a traffic audit officer who produces these statements, and I am passing on to the court the information which I have from him.

1310. You do not really know on what basis it was arrived at, do you?—(No answer.)

1311. Don't let me waste time over this. What is the average rate which those totalling 8,500 pay for their tickets; how much in the course of a year are those enjoying the two thirds concession paying for the privilege of travelling?—The average is 13s. a week; that is the average weekly price of the 8,500.

1312. Do you know whether that is an exact figure, or whether it is based on a sample, or whether it is based on someone else's speculations, or what it is?—That is a figure obtained by taking total number of issues for the whole of the year and the total amount of money received from those for the whole year and dividing one by the other.

1313. I have done that as far as the information you have provided enables me to, looking at FJL 5, and I have arrived at an annual figure of £34; that would be an average of 13s. a week?—Yes.

1314. What I have to do is divide 8,500 into your 290,000 in column 2 of line 6?—Yes; it looks as if the figures agree.

1315. They ought to. That means, since people are normally in employment not just for a week or so (and therefore that 13s. is perhaps not a fully informative figure), that those in this position who are paying £34 per annum for travelling will have to pay £51?—On average, yes.

1316. Or, on a weekly basis, £1 instead of 13s.?—On average, yes.

1317. That makes quite a difference to a youngster earning only about £5?—If he were earning only £5 it would make a difference to him.

1318. A very high proportion of the earnings of those who are enjoying this advantage at the moment must go on travelling—much higher than in the case of an adult?—If you are comparing with adults, I think you

must compare what one might call the free income; adults on the whole have very much greater responsibilities and expenses.

1319. That is a reservation you are entitled to make, but the proportion I put must be right, that a higher proportion of these youngsters' earnings goes on travelling than in the case of an adult?—Subject to my provision, yes.

1320. And if they are travelling a distance which justifies a subsidy, almost certainly they will have to provide for their midday meal as well out of their earnings?—It is common practice in many industries for the young people to have concessionary meal tickets.

1321. Do you mean canteens or luncheon vouchers?—I mean even in canteens they are given prices which are below even the prices which the generosity of the older people pay in those canteens.

1322. Is there commercial justification for that?—I would not know. This is what appears to happen.

1323. Does it happen in your canteen?—Yes.

1324. Because, no doubt, you think it is commercially justified?—No; we think, from the point of view of the health of the young employees, we must make sure they are encouraged to have a good meal in the middle of the day.

1325. So you find a social and philanthropic spring there to justify your aim?—Not philanthropic; we regard it as part of our staff welfare organisation that looks after young people whom we employ.

1326. Some of the rates you offer are rather modest, are they not?—I do not know which one you are referring to.

1327. I have lots of them here. This is one: London Transport Board, Griffith House, 280 Marylebone Road, informing youth employment offices in London of vacancies for railway workshop apprentices. You want them aged 15-16 and you want 15 of them: date of circulation: July of last year. Qualifications: eligibility for C & G courses—that is City and Guilds, I take it?—I would think so.

1328. Or ONC for 16 year olds. Wages: at 16 you offer 97s. 6d., at 17 113s. 6d., at 18 130s. 6d., plus variable incentive bonus?—Yes.

1329. Your rates carry on up to the age of 20. This is said to be a five year apprenticeship and may be served in a number of trades such as mechanical fitter, electrical trimmer and so on. Have you any idea how many of those vacancies were filled?—No. Those rates are almost identical with the rates I quoted earlier, on the road side—the matter of 1s. or so difference. I certainly know from my own knowledge that on the road side there are a considerable number of apprentices.

1330. When you say on the road side you mean servicing buses?—Yes. I also know there are a certain number of apprentices at our Acton works which is the railway works; but I do not know the answer to your question whether those vacancies were filled.

1331. When you attempt to get people into these apprenticeships, you offer them free travel?—We offer them certain free travel.

1332. Do you not give them a free travel pass?—We give them a pass which enables them to travel free on our red buses and also on our Underground trains, but we do not give them a pass to travel on British Railways trains.

1333. That is exactly what you say here; but you give them a free pass as far as you can?—Yes.

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1334. And you negotiate with British Railways reduced rates of travel?—Yes.

1335. How is that worked administratively as between you and British Railways?—Do you mean how do we issue the tickets or how do we collect the money?

1336. Tell me both. How is it worked administratively that your apprentices travel at reduced rates on British Railways?—We have a scheme between the two boards by which people are entitled to privileged-rate travel. Certain of our employees (I use the word certain because it does not include a large number of the bus employees)—certain of our railway employees—are entitled to travel at privileged rates on British Railways and vice versa. The application forms are filled in and the tickets are issued. At the end of the day there is a clearing arrangement between ourselves and British Railways on the financial structure.

1337. There is a reciprocal arrangement so that at the end one party or the other may have to make a payment, according to how the thing swings?—Yes.

1338. Is this one of the items included in the London clearance one sees in your computation of revenue and so on?—I am not sure on FIL 5 whether it is in Item 3 or Item 4; it is in either one or the other.

1339. (President): Do these travel privileges cover travel just to and from work?—No. For season tickets they cover to and from work; for ordinary tickets they cover non-work journeys only.

1340. (Mr. Molony): So it looks as if the idea of concessionary travel rates is not wholly an anathema to you?—This is one of the emoluments attaching to work in the railway department of London Transport.

1341. Yes, that is as plain as a pikestaff. Here is an up-to-date notification, dated 28th March, 1965, of vacancies with you. You want 50 railway operating apprentices; no special qualification, but intelligent interest in railways, and willing to do any job which will increase their knowledge of railway operations. Wages during training: 15 years £5 3s., 16 years £7 2s., 17 years £9 2s., with extra pay for weekend work. Your entrants there are starting off at a pretty modest level of remuneration, are they not?—Yes.

1342. And if they had to pay full travel rates you would expect a rather lower response to an application of this sort?—Regrettably the response was extremely low.

1343. You mean it is low anyway?—This was a new arrangement—this was an experiment we were trying out—and it has been not very productive; we have had very few applicants.

1344. You have personal knowledge of this particular vacancy circulation?—This is a new arrangement known as an operating trainee.

1345. Railway operating apprentices?—Apprentices, yes.

1346. That is a new trade description?—It was a new trade description; it was to tap some of the people who were educated, to give us a flow of people suitable for promotion at later ages. Regrettably, apparently the rates and the conditions attached were not sufficient to attract people from the market.

1347. When you say the rates, you mean the rates of pay?—I think that would no doubt be a powerful argument with the intending applicant.

1348. Quite obviously if the intending applicant, instead of having free travel, had to pay, let us say, £1 per week to get to his work, you would expect an even lower response?—That indicates that people who are in these jobs

are getting paid considerably more than that—the market rate is well above that rate.

1349. You put in a table today—FIL 10—and it is this that is based upon a test taken in April 1963?—Yes.

1350. A test which demonstrates, if I understand its working correctly, that there is no difficulty in ascertaining all the forms that have been used for concessionary rates at any one time or during any one period?—Very considerable difficulty. We had to print a special application form which was put out for this period, and the objections raised by the applicants for this form during this period of four months were extremely loud and long; there were great objections to our asking for this information.

1351. That is another matter. But when you got your special forms completed, I suppose you had to count them?—Yes, there were approximately 10,000 of them.

1352. Why can you not count these forms accurately?—We took a sample of one third—

1353. I know you did, but why can you not tell us how many people are in fact enjoying concessionary rates; that would involve merely counting the forms going into your booking offices at any one time?—I have indicated that the number of people enjoying them in 1965 was 12,900.

1354. You have; don't let us return to that. When I asked how that was calculated, it was obvious you did not know. Now you can tell me only that you got special forms printed, there was a resistance to filling them up and you do not know how many were filled up—,—And we took an actual sample of 3,300 forms.

1355. You took a random sample of the about 10,000—,—One is three, which produced the actual number of 3,300.

1356. Do you really say that is an actual number?—Then there must have been 9,900 forms. Were there?—I am sorry. The actual figure was 3,269.

1357. Was that precisely a one-in-three sample?—No, I said it was an approximate one-in-three sample.

1358. I am not going to pursue this analysis any more except in relation to the note which you append dealing with the increases in the earnings of men under 21. At what age do "males" become men for the purposes of Ministry of Labour statistics?—They become men at 21 and under the age of 21 they are youths and boys. This is the groupings of the Ministry of Labour Gazette.

1359. Let me try to relate what you are saying to this question. Are you saying now that when one reads "the earnings of men under 21" as an extract from the Ministry of Labour Gazette, that really ought to be understood as relating to the earnings of youths and boys?—It is my fault, I should have used the word, perhaps, "males."

1360. We will make your correction, then, it is the earnings of males. It is my belief that, in fact, in many trades a male becomes a man for the purpose of earning a man's rate at age 18; is that not right?—This might well be so, Sir.

1361. That means, you see, that if one is dealing with a class of males under 21 there is included in that the age group 18 to 21, who are adults earning full adult rates.—I think the best thing is to read you the actual table in the Ministry of Labour Gazette, February 1966. It is on page 59. It is headed "Hourly earnings in October 1965" and in the middle of the left-hand column it says: "Earnings and hours in October 1965 compared with earlier years," and I made the comparison under the heading "Youths and boys." In April 1963 the rate was 144s. 9d. and in October 1965 it was 179s. 10d., which

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is 24.2 per cent. The girls' rate I took as 105s. 2d., increased to 128s. 6d., which I make an increase of 23.1 per cent.

1362. This table deals with the average weekly earnings in the industries covered by this enquiry at the time of the enquiry.—Oh yes.

1363. What are the industries?—It is the 1958 Standard Industrial Classification.

1364. It is basically industry as distinct from commerce?—That is so. I would have to look that up. It does include public administration.

1365. I daresay we can pursue that. If it is relevant, independently and produce the right answer. At any rate, to derive the utmost help from it one has to know to what industries this table relates. Are you now saying that what you want to do is to amend your footnote, not to substitute "males" for "men," but to substitute "youths and boys"?—I would, I think, be more accurate, yes, youths and boys and girls. To be absolutely specific I ought, I presume, to refer to this specific table.

1366. Of course, to speak of youths and boys under 21 becomes meaningless, so you have got to amend that too?—Yes. The table above, of course, uses the phrase "under 21" and the table immediately above the one I have quoted says "Men 21 years and over, youths and boys (under 21), girls under 14."

1367. That is quite a different table. The one above is dealing with a number of specific industries. But are you saying that your percentage calculation recorded in your footnote, whoever it strictly speaking relates to, is derived from the column headed "youths and boys"?—And girls, yes.

1368. So it is not men, it is not women, and whether it is under 21 or not you do not know?—I understand it is under 21 for youths and boys and 14 for girls.

1369. Which you are taking from the heading of a table further up the page.—Yes.

1370. And you have no authority for it?—No.

1371. Quite apart from that, I venture to put it to you again that, in fact, in a number of trades youths and boys graduate to full adult pay at age 18.—Yes.

1372. If that be true, if any of those industries are comprised in the tabular statement on page 59, it is not relevant for our purposes, is it, because we are interested in the advancing remuneration for those up to the age of 18.—I would have thought it was absolutely precise for the girls, but I accept that there is some element of doubt about the boys.

1373. Not merely "some" element. You can put it in that way if you like, but it may be quite meaningless if in the information you have extracted any of the males come on to full pay at age 18?—I would have thought that the percentage increases given at age 15 and 17 were not less than those given at 14, or 19, or 20.

1374. Of course that is the first time you have said that, and it is the first time you have realised, perhaps, that it is necessary to make this distinction. Have you any evidence from Ministry of Labour statistics or elsewhere as to the movement of apprentices' wages, or the remuneration of young people up to 18?—No, I have not got a movement of how apprentice rates have moved over the last few years.

1375. Let us look now at line 7 of FIL 5 where you deal with the withdrawal of the half rate. Here you are estimating in FIL 8 that there are 2,700, is it?—2,600 aged 15 and another 100 who are aged 16 and 17 under 25s. 0d. a week.

1376. We have already corrected your first half-rate line; it is not aged 15, it is aged 14 to 16, is it not?—No. In FIL 8 the half-rate 2,600 relates to aged 15.

1377. My recollection may be wholly at fault, but it is my belief that in answer possibly to myself, I could not verify that, you said that should read 14/86. Why does it not, anyway?—There are three groups of people who receive half-rate tickets on FIL 8. There are those who are in full-time education under age 14, and 14 to 17 inclusive in full-time education. There are 1,300 of those.

1378. I follow that, and they are not going to be disturbed, any of them.—No.

1379. That concession will stand.—Yes. Then there are 100 who are aged 16 and 17 who are under 25s. 0d. a week, and as I understand it, the 2,600 are all over 15 because you stay at school until you are 15.

1380. Is that the only reason why you put 15 in?—Yes.

1381. In fact it is available to those of the age group 14 to 16. There may not be many under 15.—That is true. I do not believe there are any.

1382. You may be right. But still you were endeavouring to relate this tabulation to your concessionary rates.—Not entirely, Sir. I was endeavouring to put the actual number of season tickets which were in issue in the various groupings.

1383. And relate it to the different ages and types of people who are in benefit at the moment?—Who are in benefit. Not who might be in benefit, but who were in benefit.

1384. At any rate, I understand what you are saying and I hope I understood what you said last time. That is why I say that the half rate for present purposes is a rate being enjoyed by 2,700 people; is that not right?—Yes.

1385. If we go through the same exercise and discover how much these people are paying at the moment and we divide £60,000 by 2,700, I make the answer £22, or a bit more; is that right?—8s. 6d. per week would be the average.

1386. These youngsters, of course, would have their fare doubled?—Yes.

1387. Why in the case of this class of concessionaire is the weekly amount paid for transport so much less than it is for the two-thirds concessionaires?—I would have thought that the difference was not very great. The full rate for the two-thirds, I think we agreed, would be about 4d and the half rate for these people would be an average of 17s. 0d.

1388. But why the difference?—I presume they live on an average about a mile nearer to their place of work.

1389. Is there any firm assessment of the passengers to arrive at this difference, or is it just somebody guessing?—No, these are facts.

1390. Facts?—These are facts.

1391. They cannot really be facts because no-one has looked at the forms, have they?—We know how much money we took and we know the number of issues that we made.

1392. Do you know precisely how much money you took from half-rate concessionaires, and in respect of how many tickets—because that is just what you do not know, as far as I can discover.—There is a certain estimation as to how the half is split between those who

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are receiving it in 100 per cent education and those who are receiving it who are earning. In other words, between the 2,700 and the 1,300.

1393. Those are the ones we are not in the least interested in.—I appreciate that.

1394. You can offer me some precise evidence on that but not on the other.—The two-thirds is precise.

1395. We have got what I do not want. The two-thirds cannot be precise, really can it?—It is a complete group.

1396. What is the number of tickets?—8,500.

1397. Precisely?—No. I will give it to you: the precise number of tickets is 202,400, and I can give you the split if you like into weekly, monthly and quarterly.

1398. For what period is that?—For the whole year 1965.

1399. That is a two-third concessionaire. Is it?—That is the number of tickets that were issued, not the number of holders.

1400. But in relation to the two-thirds concessionaire group.—Yes, and the amount of money was £285,700.

1401. That is what you call £290,000 in your line 6.—Yes.

1402. What percentage discount have you assumed will operate when this concession, if it be abolished, goes?—May I add one qualification to the last figure? Having given you the number of tickets that are issued, why I said 8,500 was because that was the number of ticket holders. That, you appreciate, is different from the number of tickets, and that is where the estimation comes in.

1403. I had noticed the difference between 8,500 and over 200,000 and I am not going to pursue that.—I just wanted to make the point.

1404. You have made the point, Mr. Lloyd. Now would you mind telling me about the discount?—The discount on the two-thirds comes in FFL 6.

1405. And you assume 10 per cent.—We assume that we will lose 10 per cent of our passengers.

1406. Is that purely a guess? Do not necessarily assume a guess is to be condemned in this context, but is it a guess?—No, I would say it is an estimate based on our past experience of these things.

1407. Have you any past experience?—Have you ever reduced the concessionary rates for youngsters previously?—Not for these youngsters, no.

Cross-examined by Mr. PARKER

1421. You have done some calculations as to the possible loss of customers if these concessions are withdrawn?—Yes.

1422. And you have also done calculations, as I understand it, as to the probable amount of the average increase that those who remain taking those season tickets will have to pay if they pay the full rate?—Yes.

1423. There is one matter which I want to ask you about, and I think only one, and it is this: This half-fare concession for young persons earning 25s. 6d. and less was fixed a good many years ago.—Oh, yes.

1424. When 25s. 6d. was a far more substantial sum of money from the purchasing point of view than it is today.—Yes.

1408. So there is no experience?—Not about the actual youngsters.

1409. We are talking about the actual youngsters, Mr. Lloyd, and nothing else, and your 10 per cent is related to the actual youngsters and nothing else, is it not?—Yes.

1410. And your 20 per cent for the half-rate concessionaires is similarly based on no experience at all and this, I suggest, can be described only as a guess.—I cannot accept that. I would say that a person who has been studying these things over the years and is expert in these things has gained an experience and judgment which enables their estimates to be regarded as more than just guesses.

1411. Who is this person?—I have a department which specialises in this.

1412. Who is the person?—I have a department.

1413. Who is this person?—I put this forward as the final figure.

1414. You justified the figure you gave by saying there is a person with experience in these matters.—I have several people with experience.

1415. Is the answer you prefer to give that there is a department?—There is a department.

1416. Then I shall spend no more time on that. Do you understand why your department's estimation of discount should be so different from British Railways' in relation to the same matter?—There was no collusion, but I can think of a very good reason why they are different.

1417. That is what I am asking you for, if there be one.—In my view, the difference arises because they are a different type of traveller and they travel a different distance of miles.

1418. It is no longer in the case of British Railways on the whole?—Much longer.

1419. In other words, you are agreeing with British Railways, are you, that their young people who have been enjoying these concessions previously are rather more tightly held captive than in your case?—Oh yes, because they have not got the alternative methods of travel that our people have, nor the alternative employment available nearer to home. There is a very large turnover in labour at this particular age group and it is not unknown for these things to change people's habits.

1420. So you are asserting—and I do not disagree with you in this respect—that on the whole, whatever figure emerges as the actual loss, you will lose more of this traffic through withdrawing the concessions than Rail, in all probability?—That would be our view.

1425. Would I be right in thinking that as far as London Transport are concerned it was raised to 25s. 6d. at the same time as it was raised to 25s. 6d. for British Railways?—Yes.

1426. We did a calculation yesterday that the purchasing value of the Pound has in fact dropped to 10s. 6d. since 1947.—Yes.

1427. I was wondering whether any calculation had been made as to what the cost would be to London Transport if in fact the 25s. 6d. concession, that is to say the concession for persons earning 25s. 6d. a week or less, was raised to £2 10s. 6d.?

(Mr. Fay): Put the half-fare up to 50s. 6d.?

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[Continued]

1428. (Mr. Parker): Yes.—In other words, this figure of 100 that I have got in FJL 8 would be increased?

1429. That is right. I do not know whether it is possible to do the calculation, or whether it has been done; but I was wondering whether it was possible for you to throw any light upon the number of persons who would benefit by the half-rate—it would be fairly clear that if you took FJL 8 and that 25s. 0d. was increased to 50s. 0d., because of the rates of pay which are being received by these young persons the 100 would not be increased very much.

Cross-examined by Mr. MARSH

1432. There is just one matter I would like to have your information on, if I may. You did refer, you remember, to the question of concessionary travel in respect of British Railways' and London Transport's own staffs.—Yes.

1433. Are you able to give us the figures of the amounts paid or allowed in the first case by British Railways to London Transport in respect of the concessionary travel of British Railways' staff over London Transport railways, and then on the other side the amount paid or allowed by London Transport to British Railways for concessionary travel in respect of London Transport staff?—I have not got those figures.

1434. Would you be able to get such figures?—No, I

Re-examined by Mr. FAY

1438. My learned friend Mr. Molony put to you that your discount of 10 per cent of the yield from increasing these tickets was not based on experience because you have never put up the teenagers' fares as such before. Mr. Lloyd, have you and your people had experience of what happens if season ticket rates are increased in the past?—Yes, we have had considerable experience.

1439. Have you any reason to think that a person aged 17 will behave differently from a person aged 18 when confronted with an increase?—No.

(Mr. Molony): Have season ticket rates ever gone up 50 per cent or 100 per cent in one go?

(Mr. Fay): That sounds like argument. I think Mr. Lloyd would say "No" if that question were asked.

(The Witness): No.

1440. (Mr. Fay): If my learned friend will allow me to put the next question, have you and your people lived with passenger habits for their professional lives?—Yes.

1441. Have they, do you think, some expertise in estimating what is likely to happen even if some new departure is forecast?—Yes. Over the years their estimates, in my experience, have been quite remarkably sound. I can only think of one case when they were really badly out, and that was something quite exceptional when the Suez crisis took place and the fares were increased for the Suez crisis; but that was a quite exceptional thing. But apart from that one occasion, I have found them surprisingly sound in their estimates.

1442. Had an estimate to be made of the net result, for example, some years ago of abolishing the early morning fares, which was the later-day name of workmen's tickets?—That was surprisingly soundly based.

1443. You say "surprisingly." I daresay you think the surprise would be Mr. Molony's rather than yours?—At that time I was not myself in charge of this department and as an outsider, when I was Operating Manager of the buses, I was inclined to look on their estimates with an extremely critical eye, but in the light of experience and over the years I gained a considerable appreciation of the excellence of their work.

1450. That is really what I thought. As far as persons actually in full-time employment but not being trained in any shape or form are concerned, clerks, people working in offices, and so on, all those people would be outside the half-fare concession if it were doubled?—I would expect so.

1451. Really the only people likely to benefit would be those who were being paid a very small remuneration because they manifestly were learning a profession or trade and were of no practical use to anybody until they had learned that profession or trade.—I think that is broadly so, yes.

think the only figure that we end up with is the balancing item. I do not think the gross figures are available at all.

1455. You would have a figure for the balance?—There is a balancing figure.

1456. Would you know what that figure was?—I would have to refresh my memory. There have been some recent negotiations which have been rather protracted about that figure.

1457. You may be able to give us the figure at a later stage?—I will have a look, but I am not sure about this.

(President): Any further cross-examination? (No reply.)

1444. Going to another matter, you were asked some questions about the rate you offer to various types of beginners and the staff welfare which is involved in providing the low cost meals, for example. Tell me, can you see any comparison between the duties of an employer of labour on the one hand and the duties of an organisation providing transport towards its passengers on the other?—Oh yes. As regards the employer, first of all it is appropriate that he should provide the proper rates of pay, proper working conditions, but equally, of course, he is under certain pressures to get staff and, therefore, he has to pay at least the market rate for his staff. But as a transport undertaking we believe that it is our duty to make sure that, broadly, each passenger pays his fair share and that our rates among different groups of passengers take account of this, and that we should not in fact have certain groups which are subsidised by other groups of regular passengers. There is nowhere else to get the money from.

1445. Has the cry of hardship been made many times at these inquiries on behalf of old-age pensioners, the blind, and all sorts of classes to whom one's sympathy goes out?—It has; but we do not feel that it is appropriate for us to take into account the hardship which is generated to different groups of our passengers.

1446. One final matter: my learned friend commenced his cross-examination by pointing out that the logical development of your attitude was the abolition of the educational cheap ticket and I think you accepted that as the logical outcome.—Yes.

1447. I want to ask about the process. You did say something about children's fares in other parts of England. Is there a tendency in the road transport industry to harder children's fares with the approval of the Traffic Commissioners?—Yes. As an example, there was a hearing in March of this year, a joint hearing of the South-eastern, the East Midland and Metropolitan Traffic Commissioners to hear an application from the Thames Valley Company to raise children's ordinary tickets from half adult fare to three-quarters, and they were granted and, in fact, the Commissioners, I gather, were in full agreement with the views put forward.

1448. They were approved by the Commissioners?—They were approved.

1449. Thames Valley is based at Reading.—Yes, and we come into it because we have certain joint operations with them.

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[Continued]

1450. You march along the boundary with them?
—Yes.

1451. Does that mean some of your fares in the periphery will be on that basis already?—Yes.

1452. You mentioned New York. In looking at what the current view of transport undertakings is do you think it is of some utility to see what other authorities are doing, not only in this country but elsewhere?—Well, we do this as a matter of our general management. We make it our business to know what is going on in all the great cities of the world in the transport industry.

(The witness withdrew)

(Mr. Fay): I am not sure whether that closes London Transport's case because I have already made my final speech in that case.

(Mr. Molony): I desire to call evidence related exclusively to the position of the concessionary fares as they affect the Greater London Council in its capacity as Education Authority. In respect of this particular matter we have had notification from a considerable number of London Boroughs that they stand beside and behind us in maintaining our objection to the withdrawal of these concessions, which we regard as all important to secure for young people the best opportunities that are available in the Metropolitan area for their training, especially in these days when there is a deficiency of skilled people and

MR. PAUL GILLET, sworn

Examined by Mr. Molony

1455. As I have already described, are you the Principal Youth Employment Officer of the Inner-London Education Authority?—Yes.

1456. You have held that appointment from its commencement, which was 1st April last year?—Yes.

1457. But previously were you with the London County Council in a similar post from October 1962?—Yes.

1458. And before that were you in Hertfordshire as the County Youth Employment Officer?—Yes.

1459. Is the Youth Employment Service of a local authority required to exist in every authority of County status by statute?—Not all authorities run the Youth Employment service. They had the option under the 1948 Act whether they would run the service and, in fact, authorities covering three-quarters of the population run youth employment services. In the remaining areas the Ministry of Labour does it.

1460. Was the decision between leaving it to the Ministry or having your own department?—Yes.

1461. Would it be true to say that all the larger authorities have a Youth Employment Service?—Certainly in the Home Counties.

1462. Just describe, if you would, the character of the work undertaken by your Youth Employment Service in particular.—We have three duties. One is to provide young people with information about careers in co-operation, of course, with our colleagues in the schools; also to enable them to choose the right career; then, if they want this help, to place them in employment, and finally to follow up their progress after they have started work for the first two or three years until they are 18.

1463. And to help them with advice?—Advice, replacement and further education.

1464. Changing jobs and, perhaps, attending evening classes, and that sort of thing?—Evening classes or day classes, or whatever is appropriate for their particular career.

1465. What is the attitude of your service towards the choice which young people have of acquiring after-school specialised knowledge which will help them in later life?

(Adjourned for a short time)

1453. What has been going on in New York in regard to concessionary fares for young persons?—The position in New York is that on the concessionary fares for children the concession is refunded to the transit authority by, I think, the State. I am not quite sure of that, but it is by an outside authority which is responsible for education.

1454. In other words, the concessionary fare is maintained *vis-à-vis* the applicant, but the difference between that and the full fare is made up in some way?—Yes, by an outside authority to the transit authority.

The temptations of the unskilled labour market are so strongly adverse to those who otherwise might be minded to employ themselves for a time at acquiring a skill at the expense of the living of their pockets. Young people nowadays can get very high remuneration in unskilled trades and it is in the national interest, as we see it, that every encouragement should be given to young people to spend some of the years of adolescence in fitting themselves in a skilled way for employment as well as in commercial undertakings and enterprises.

I will call in support of our contention in relation to this part of the case of Mr. Paul Gillett, who is the Principal Youth Employment Officer of the Inner London Education Authority.

That is to say, training for a job as distinct from going into an unskilled or comparatively unskilled job?—Our first responsibility is to try and find a suitable job for young people. Also we have a responsibility to employers to find suitable employees for them. Employers generally are very short of skilled labour. Young people are continuing their education longer nowadays and, therefore, more and more of them are wanting training for skilled occupations, so that with more and more young people we are persuading them by all means in our power to take up occupations that require training.

1466. In general terms, how does the remuneration open to them if they follow that course compare with that which they could obtain if they did not follow that course?—It is difficult to generalise about employers' remunerations, but, generally speaking, the job which offers training also gives less pay. The well paid jobs are generally speaking those where there is practically no training. Labouring, for example, in the building industry can give very high wages indeed even for young people.

1467. Has the fact that in London hitherto there has been a concessionary rate for travel been a factor in the readiness of young people to go to jobs involving travel where they are trained or under apprenticeship?—Yes. We have often seen that travelling in London is something that looms very important in the minds of young people, and unless they can afford the fare and the parents can see this is something the family can afford, we tend to find that they go to well paid jobs with less travelling. They have to travel to find a job which offers outside training from many districts, and if they are going to take the local job with higher pay it may well be the less suitable job.

1468. You emphasised the importance of travel. Perhaps I asked the wrong question, but travel has different aspects. First of all, distance, secondly time spent, and thirdly cost. To what extent is the cost factor a significant one in the weighing up of the attractions or otherwise of a job at a distance?—I think it is a very important factor. I have certainly noticed that whenever fares have gone up people are more reluctant to travel.

1469. You say "people."—Young people.

1470. Of the sort we are particularly concerned with?
—Yes.

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[Continued]

1471. (Mr. Melony): Mr. Gillett, do you wish to say anything expressly about the national need for better trained young people who will pass on to responsible jobs, as one would hope, in industry and commerce by virtue of their training?—Yes, I think if we look at the February 1966 issue of the Ministry of Labour Gazette—

1472. That is the one we have looked at already in another connection, is it not?—Yes. I would like to turn to page 86, which compares the number of unemployed men with the unfilled vacancies in those industries where there are unemployed men and we see very clearly for example, in the bottom right-hand column, that in February there were 126,000 odd labourers unemployed but only 18,000 vacancies; whereas for skilled trades such as engineering, we have only 9,800 unemployed against 34,000 vacancies. This is a typical picture, in a great variety of industries, of the national need for skilled people and the fact that there are too many unskilled people in the country. This of course is borne out by our own experience with many employers in South-East England here, who constantly tell us that there is a shortage of skilled labour.

1473. There are other particular classifications in this table, at which we can look; broadly speaking you say that they present the same picture as the engineering and allied trade workers?—Yes.

1474. Unskilled vacancies are greatly in excess of those who entered into the particular trade?—In the skilled trades.

1475. And of course at other levels of concern, governmental influences are directed towards improving standards of technological knowledge and experience and training?—We now have the Industrial Training Act 1964 which, for the first time, shows that there is a national need to encourage industry to train more skilled people at all levels, and firms which do not do this will have to pay a pretty substantial levy for the privilege of not training people. On the other hand, employers who do train people will have a grant to help them towards the cost of training, but even this I think will not produce enough young people in a period of history when there are not enough to go round; it may not produce enough young people to fill all the needs of industry for trained people in the future.

1476. In general do you find with juveniles that, having persuaded them, or their own bent being along the same lines, to go to a place where they will obtain training, to get to their place of training they have to travel from their home district?—Yes. In many districts in London they are without trades—even in London—and the further you go out, the more you find areas where they have to travel quite long distances. Generally speaking, although there is employment all over London, if a boy or girl insists on having it near home, it quite frequently has to be something fairly unskilled.

1477. So that to get to the skilled trades, they may have to travel a long way?—Yes. Indeed, we have examples of this; one particular example came to my knowledge only recently of a boy who travels from Hammersmith to Deptford for an engineering apprenticeship.

1478. I think you mention that as an example of juvenile travel which is not from the outer London area into the heart of London, but is really across London?—Yes.

1479. Generally speaking are the opportunities for engineering apprenticeship as widely dispersed as one would like them to be so as to help these people to get such posts near home?—No. In inner London, Thames side, on both sides of the river, tends to have industry fairly plentifully spread along the river; but if you look out a bit further on the south side, you may have no industry at all—in fact you have very little employment in some places, and you have to travel. There are other some places on the north side of the river, on the North Circular Road and up the Lee Valley for example, with concentrations of engineering, but there are wide gaps in between.

1480. So that to get the ideal placement for any particular juvenile in industry, you may have to look quite a long way?—Yes.

1481. You have produced certain tables which have already been made available to the Tribunal. Your first one is Exhibit GLO 1, types of employment entered into by boys and girls under 18 in 1964, and that is divided into two tables, first dealing with the Inner London Education Authority area, which is your area, and the second part of the table dealing with London and the South-East region. Where do you get those figures from?—In table A, the Inner London Education Authority area, these figures are from our own records. We have to know what happens to all young people whether or not we place them, and we are able to do that because we issue the first Insurance Card to anyone under the age of 18. Table B is from the Ministry of Labour Gazette for May, 1965, which we take as being fairly typical.

1482. To what date is table A related?—This was for the year ending the summer of 1964.

1483. When you say "types of employment entered by boys and girls under 18," does that mean entered through your agency, or is it more comprehensive than that?—This is more comprehensive than that.

1484. Does it relate to all those in respect of whom Insurance Cards were issued for the first time?—Yes.

1485. In the two years in question I think the calculation is made at different dates?—Yes.

1486. I see your first column is "Apprentices"; is it possible to describe them a little more closely?—Yes. The first thing you have to remember is that no boy is apprenticed the moment he starts; he has a probationary period, after which he will obtain an apprenticeship. Although during the probationary period he is not normally indentured, he is obtaining training and he is regarded by us as a proper apprentice.

1487. I am a little surprised to see that half as many boys as girls, at age 15, were put in apprenticeships.—Yes; it is very difficult to find apprenticeships for girls and it is very difficult to find an employer who is willing to give girls time off in the week to go to classes; I think that is the explanation for that.

1488. What I was querying in my mind was the sort of jobs in which girls could be said to be "apprenticed"; handrearing comes to mind.—Yes. There are some in printing and occasionally you will find an engineer who will take a girl as an apprentice, particularly at 17 years old; but there are very few unfortunately who will take girls as craft apprentices.

1489. Then it may be that my query will remain unresolved, but there are in fact just half as many girls at the age of 17 who go into apprenticeships, and you say that there are comparable opportunities, but not so many, for girls as well as boys of that age?—Yes.

1490. Although it seems to fall off at the higher ages?—Yes.

1491. Your next column is "Articled"; that means professional training of some sort or another, does it?—Yes.

1492. That is a fairly small class. The next is "Clerical"; I suppose that means any sort of office employment?—It may mean a job which gives very good training, although perhaps with little money; but we do realise that we could not include a commercial apprenticeship under this head when we put that under the "Apprenticeship" head. It may be something that is very highly paid with hardly any training at all.

1493. The girls are in the big majority at all ages. Finally there is "Operative training"; how do you distinguish between that and apprenticeship?—This is where

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[Continued]

the content is very much less than the apprentices. It would not go over six years, but we find that it does go for six months.

1494. Does it mean something in the nature of a factory operative?—Usually, yes.

1495. And then you have an unclassified column and you total up each of your lines.

1496. (President): The unclassified column seems to have large numbers, Mr. Gilbert.—Yes, Sir; these would be the labouring posts—unskilled and semi-skilled jobs for which there is practically no training at all. These would be the highly paid ones.

1497. (Mr. Molony): Looking at your first four columns and leaving out the others who would not be seeking skilled occupations, to what extent would the people enumerated here attend evening classes or definite instructional periods during the course of their working week?—Most of those in the first column, I think some of those in the second column will be working by correspondence courses, which are still fairly popular, although in London there are now classes for them—and a few of those in the third column. In the operative training, very few; I cannot give you actual figures for them.

1498. In the third column the majority are girls: they could go to night school for shorthand typing and commercial training perhaps?—Yes; hardly any of them get time off in the daytime.

1499. But most of the apprentices go to definite instructional periods, some of them during their working hours?—Yes.

1500. And I suppose that might involve them in more travelling than merely going from home to work, so to speak?—Yes, because the college to which they are going may be near their home, but it is more likely to be somewhere between their home and their work, or even farther on. For example the College of Printing is in Southwark at the Elephant & Castle, and is practically the only one in the London area. So wherever you are working or living, you have to go there.

1501. You have to deviate before you get home?—Yes.

1502. Then there is the London and South-East region; that covers the whole area of this part of the country outside the Inner London Education Authority's area?—It includes the Inner London Education area and it goes down to the coast; it includes the Greater London area, the Inner London area and the South-East down to the coast.

1503. So your 30,000 young people placed are not necessarily included—the two periods are not the same—but the second table is a comprehensive one covering the Inner London area and the others?—Yes.

1504. Here the classification is a bit different; you start off with apprentices and the next one is "Pupildships," is that comparable with articles?—Yes, it is entirely the same.

1505. And subject to that I think the headings are the same and I think the proportions are not very different. The purpose of this table is to show as comprehensively as you can from available records the number of those who in any period of a year are being placed in jobs or are finding jobs for themselves?—Yes.

1506. And to show the extent to which a suitable proportion of them are not going into unskilled jobs where they can command pretty high wages straight away but are going into jobs in which they will be trained for fairly skilled operations of one sort or another?—Yes.

1507. Is the general policy of your department, where you can use your influence through the schools, or through

the Youth Employment Bureaux, as I think they are called, to get as many as possible to move into the skilled occupations and submit themselves to the necessary training in order to fit themselves for that sort of occupation?—Yes, provided they are capable of doing it.

1508. Naturally, you have to choose the right people.—Indeed, we go further and try and persuade employers to increase the number of people they are training.

1509. I see; your policy and influence is directed to the employers as well as to the employees?—Yes.

1510. Generally speaking what is the actual age at which young people nowadays go to their first job?—I am not hedging, but it is a little difficult to answer this because the pattern is changing very rapidly. Whereas five years ago the majority left school at 15, now more and more young people are staying on longer. In some London schools we have 80 per cent who do not leave at 15 now—the big comprehensive schools for example. I think it is 50 per cent who do not leave at 15 now and stay on until they are 16 and longer, and the number who are staying on longer is going up every year. I am sorry if that is not a very precise answer.

1511. No; you can only tell us what the facts are. Generally speaking, is it correct to say that the longer people stay at school the higher their aspirations are when leaving time comes?—Yes.

1512. So that fits in with your general policy of getting young people to take jobs which require real ability, which will in the long run be rewarded, although immediately they may not be very rewarding?—Yes, and who are prepared to travel quite long distances to find them.

1513. Yes; apart from those who have been, so to speak, recorded in your office, there would be, would there not, a number coming into London from outside your area who would be from the London and South-East region, to find places of employment or training inside the Inner London Education Authority area?—Yes.

1514. Could you put a figure on those?—We think there are something like 5,000 or 6,000 children from outside the Authority's area who come into London, but I cannot tell you what proportions they are in apprentices. We certainly supply our colleagues outside London with particulars of London vacancies and they fill them. We get our knowledge this way, but we do not always know the exact proportions as we do with our own people.

1515. No; let us be accurate about this. I suppose it is right to say that in the figures representing the employment entered from those in the Inner London Education Authority area, some of those might go to jobs outside the Inner London Education Authority area?—Yes, but fewer than come in.

1516. Yes, there is very little doubt that the trend is the other way; that is to say, people coming in from outside outnumber those from inside who go out?—Yes, it is very much more. But those who go out tend to want something like engineering, which may not be available within the area.

1517. Whereas those who come in—?—The vast majority are coming in for commercial work in the City and West End, or for the retail trades.

1518. Yes; let us identify this in connection with the Inner London Education Authority area; let us identify it in terms of the old London County Council organisation with which we are rather more familiar?—Yes, I am sorry. This is exactly the same, except for a very small area of North Woolwich. It is almost identical to the old L.C.C., but North Woolwich now belongs to the Borough of New Ham, I think.

1519. Is New Ham not Inner London?—No, it is one of the Greater London boroughs; but between the Greater London boroughs and ourselves there is a large amount of to-ing and fro-ing of young people.

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(Mr. PAUL GILLET)

[Continued]

1520. How do your figures compare with those that have been furnished by the two applicants? In relation to concessionary fares the Railways' figure is put at 22,000 in round figures and London Transport is put at 12,500, so there will then be a total of 34,500 enjoying the concessionary fares. How does that fit in with the figures which you have presented, quite independently, in Exhibit GLC 1?—I would not think that there is any marked deviation.

1521. There is a fair degree of correspondence, is there?—Yes.

1522. Your figures are precise so far as they can be, subject to reservations in various directions; the other figures are rather imprecise, but quite plainly there is not a great deal of difference between the two in the end?—The Transport figures exclude all those travelling on the buses, so that it is very difficult to tie these up.

1523. Yes, in exact terms. We have had some information about wage rates; I do not know whether you have any general comment that you would like to make on what Mr. Lloyd was saying today namely that you might find some indications of rates paid to juveniles, but they represent the sort of basic rate and in fact the juvenile probably commands more, even during his training period. What have you to say about that?—What has raised a question in my mind is that probably there are some young people who, as London Transport have told us, are paid a bonus well above their basic rate. There are other employers, perhaps giving very good training but who stick to the basic rate. I would have thought that this applies to a large proportion of them. My reason for saying this with some confidence at the moment is that apart from our own records, the Industrial Training Boards under the Act have said that in engineering they will not recognise training which in the first year is not away from the job. This means that they probably will not be paid bonuses at any rate in the first year—the 16 and 17 year old year.

1524. Is there recognition of the fact—I imagine there would be at your level—that some firms are very good to be apprenticed with even if they do not pay very much?—Yes indeed; this may well follow. It frequently happens that the better the training the less well paid it is in the earlier years.

1525. And at your level of interest, that would be perceived; but is it something that the young people are responsive to? Do they realise that if they can get an apprenticeship with Messrs. XYZ, although they do not get very much money they will be very well trained and progress thereafter at a higher rate—is that recognised?—Yes.

1526. I think, in order to see to what extent people are called upon to travel in order to find suitable places of employment and training, you carried out a survey, or part of your service carried out a survey, some little time ago?—Yes; we were rather worried about this. We were looking moodily at grammar school pupils staying on to at least the age of 16 and we discovered what we had already suspected, that of those who have the basic qualifications for professional training—that is to say five "O" levels—only 2 per cent obtained their work within their own home area. The rest travelled.

1527. "The home area" I suppose means the area of the home district Youth Employment Bureau?—Yes.

1528. That is the level of the Bureau; does it match the area of one of the London boroughs?—No, they are smaller. Those within their home area would probably be within walking distance or a very short bus ride.

1529. But that was only one out of fifty?—Yes.

1530. The other forty-nine had to travel at any rate some distance and sometimes quite a long distance, in order to get the job they wanted?—Yes, or the training they wanted.

1531. Yes, the training for the job they were fitted for. Do you get any problem of rehousing of families from the inner part of the metropolis moving out to the fringes when there are young people in the training stage as part of the household?—This does arise from time to time because the young person then has to make a very difficult decision, as to whether to leave his training halfway through and go on with a new firm, when the two sets of training cannot match up together, so that he would be in difficulty, or face the heavy additional cost of travel.

1532. Among those who come to you seeking placing are some partially disabled young people?—Yes; the physically handicapped and mentally handicapped young people are the most difficult of all the problems. There is a question of finding a sympathetic employer who can offer just the right employment, and you cannot seek that anywhere in London; you have to find the right district, and here again travel does present a very real problem.

1533. I do not want to exaggerate this problem; about how many people in the course of a year would there be in that partially disabled class?—It would be less than 500—200 or 300, I should think.

1534. What do you say is the average wage that the 15-year-old will command in Inner London, the City, the West End or perhaps the nearer East End, where he might have an apprenticeship of some sort; what sort of money are they going to get?—We have looked at our own figures for vacancies at the moment and the average for a 15-year-old in Central London, the City and the West End is about £5 a week.

1535. I think you would like us to look at Exhibit GLC 2 in this connection; these tables are taken, are they not, from rates offered as notified to you?—Yes. Some of these—most of them—are rates offered which are notified to us. A few of them—electrical contracting for example—are the official London rate and we also have some figures for building and engineering, which are very similar, and which absorb the largest number of boys.

1536. What is the bit that has been added on at the bottom?—This is the Transport Board's doing. We have no quarrel with this; actually the figures given to us by the Engineering Employers Association were slightly higher, £4 2s 9d. We think we would get that for an engineering apprentice.

1537. But this is an addendum made by London Transport, and you accept it?—Yes. In building it is the same picture; the builder gets about £5 10s. 0d., and the minimum for a labourer would be £5 5s. 0d.

1538. These are rates notified to you in the particular trades that you list here; are juveniles currently being placed at these rates at the ages of 14, 15 and 16?—Not 14.

1539. I see; they start at 15?—Yes.

1540. And I see that most of these trades that you go on listing rise up to the sixth year; by that time they would have achieved manhood by any standard, would they not?—Yes—21.

1541. (President): Hairdressing goes up in six months, does it not?—Yes; that is a three-year course.

1542. (Mr. Molony): Yes, I missed that. Printing goes up year by year; I should have thought that by the sixth year the man was certainly drawing the full adult rate, and I am surprised to see how low it is—Yes, of course these are again basic rates; the more skilled you become the more you are liable to be on overtime, bonuses and so on.

1543. I dare say you would agree with me if I suggested that certainly in the fourth year on, these figures would not represent by any means the money taken home?—That is so.

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1544. But we are interested in the earlier years. Do they currently represent what is being paid to the new entrants below the age of 18?—Yes. For the majority of people who go into these trades, it very often boils down to supply and demand and if an employer is desperately short and nobody is interested, he will try and increase the basic rates.

1545. I suggested to Mr. Lloyd that at age 18 from the wage-earning point of view a male is an adult in most trades, but that represents my own personal belief. What have you to say about that?—The labourer in the unskilled trades is adult; the boy of 18 gets the same as a building labourer. In the skilled trades, he does not get the same until he is 21.

1546. I asked if you would give us an average figure for a 15-year-old working in the central part of London; did you give the figure?—Yes: about £5.

1547. And have you considered the outlay which he would necessarily have to meet before he was left with any free money—spending money?—Yes, we looked at this in some detail. He will have first of all about £1 a week for national insurance and lunches, if he is lucky enough to have luncheon vouchers or a subsidised lunch.

1548. What will be his national insurance?—9s.

1549. So even with luncheon vouchers he may have to put his hand in his pocket for his mid-day meal. Do you think it is reasonable to say he will be spending £1 on those two items?—Yes.

1550. Then what would you say his fare charge for travelling would be likely to be?—If he comes from the fringe of inner London—the boundary of the old L.C.C. area—he will probably have £1 per week to pay in fares, and if he comes from further afield—say the Greater London area boundary—it may well go up to £2, and from the outer areas it may be up to £3.

1551. This is on the existing concessions?—Yes.

1552. Expressing that a proportion of what you consider would be the average wage for a 15-year-old, what result would one arrive at?—This means someone from within our area coming from the fringe would have to pay about one-third of his weekly wage on travelling, lunches and national insurance; from the Greater London area it would be half, and from the outer area anything up to two-thirds.

1553. In a subsequent year one would expect him to get a little more?—Yes, but of course this is only an average; there will be some people who will have less, particularly those seeking to obtain training for a skill.

1554. What do you think would be the effect of abolishing the concession rates so that the youngster who was in work had to pay the full fare instead of half fare?—The half fare does not apply; it is two-thirds. The half fare is quite unrealistic nowadays; it may have been realistic in 1947.

1555. I do not follow that.—The half fare concession was to help the person earning less than 25s. a week; that figure, however, now has no reality at all; hardly anybody earns that wage. If it was to help people earning 25s. or less in 1947, then they would need a lot more help today. But the effect of the abolition of the two-thirds, I have no doubt, will mean that we shall find very much more difficulty in persuading young people to travel for the training which they need, which the country needs and indeed which London Transport needs. I have seen over the years, having worked in the outer suburbs, that whenever the fares have been raised we have had large numbers of young people who have given up the journey and have asked us to find them local jobs, and I have no doubt that this is going to deter many young people.

1556. You have checked two of the differing discounts applied by London Transport and British Railways Board

respectively to this traffic; in one case it is 20 per cent and 10 per cent, and in the other 10 per cent and 5 per cent. What do you think about the accuracy of those estimates?—I think they have been under-estimated, because the thing that I am very conscious of is that there are now more opportunities in people's own areas (although they may not be the right opportunities) than there were.

1557. Although they may not be the opportunities which in the end will prove rewarding. That is what you mean?—Yes.

1558. It will heighten the temptation to take the job near home, although it may be an unskilled one with little opportunity of progression?—Yes.

1559. You found your evidence on this point on your experience of the effect of fares increases on juveniles in the past?—Yes.

1560. They have not had to carry the full burden, but they have had to carry a share, and you say it has been a discouraging factor in your experience?—Yes.

1561. A discouraging factor which is sufficiently represented by a maximum discount of 20 per cent, do you think?—Yes.

1562. Sufficiently represented by a discount of 5 or 10 per cent?—I would not have thought so.

1563. But whatever the discount, it is calculated to increase the difficulties which your service is encountering already?—Yes.

1564. Now we have two other tables, GLC3 and 4. This has been corrected; we have certain stations here that are not London Transport's stations. This is designed just to show typical fares?—This is the basis on which we have calculated the percentages—the proportion—which the young people will have to pay out in fares, and we have tended rather to under-estimate; that is shown by the corrections.

1565. In fact where figures have been altered it rather looks as if they were put high?—Yes.

1566. What is the distinction to be made between GLC3 and GLC4?—On the whole we intended GLC3 to be British Railways and GLC4 to show the London Transport. In fact of the London Transport have crept into it.

1567. These are typical rates you have used to fund the evidence you have given already?—Yes.

1568. I think it follows from what you have said that young people do not come to you merely in connection with their earlier jobs—the first ones they get after leaving school—but may come back to you for resettlement, as it were?—Yes, we try to watch their progress for about three years and write to them, and at the same time they come to see us, and if they are not invited, they come in if they are in any trouble.

1569. So your surveillance extends for quite a period?—Two or three years.

1570. And of course within the last few months we may take it that young people will have entered employment involving travel which provide training, relying to some extent at any rate on the existing concessionary fare rates?—Yes, indeed. The numbers who leave school at Easter are very small now, of course; the majority of them will be leaving school this summer, in July. But many of them will have already been introduced to an employer who will have engaged them on the assumption that the existing expenses of travel will still be in existence.

1571. Few of them read the "London Gazette" (although I do not know whether that would have told them anything anyway). If they are going in at the age

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of 15 under existing concessionary arrangements, they could expect to enjoy a concession rate for two or three years?—Yes.

1572. So really those of whom we have been speaking under this present proposal would have that cut completely from under their feet?—Yes.

1573. None of those you have been telling us about would qualify for an educational season ticket under the proposed new order, which requires full-time day attend-

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I do not think I shall have a lot to put in issue with you, but there are a number of ways in which you could assist me.

1575. May I look first at some of your tables. We looked last at GLC3 and GLC4, which are specimen season ticket rates; they were put in by your council as relevant to this inquiry, as a fair specimen of the kind of rates to which we are addressing our minds?—Yes.

1576. We wondered why places like Brighton and Southend were included on GLC4; I take it you are saying that among the extensive season ticket traffic from those places there are some of your young people—Yes, from Southend particularly; large numbers come up to London.

1577. Large numbers of persons are concerned with who now enjoy the two-thirds rate come up from Southend?—Yes.

1578. They would not be the office working girls—or would they?—Some of them.

1579. I was wondering whom chiefly you were addressing your mind to; it is training you are concerned with, rather more than painful occupation?—Yes.

1580. Your brief is on behalf of the apprentice rather than the highly paid unskilled builders' labourer?—Well, I am interested in both, but I am concerned about the future of the apprentice. Let us not think that only those who are called apprentices get good training; many people get a very good training in offices—and some of them not very well paid.

1581. And there are other highly paid occupations but without much future to them—builders' labourer, etc.?—Yes. The builders' labourer from Southend would tend to find his work in Southend.

1582. So the people who come up from Southend are more of the type you are more concerned about—those having training?—Yes.

1583. They are at present paying two-thirds of just under £3?—Yes.

1584. Your figure on GLC4 for Southend is £3; we corrected that to £2 17s. 7d.?—Yes.

1585. The two-thirds rate will be £1 18s. will it not (or is it £1 19s. 7d.) and although they are in training they are paying fares of that order weekly?—Yes.

1586. Similarly with Brighton I suppose—and that is why you put that on the list?—Yes.

1587. As we know, large numbers come up from Brighton—season ticket holders as mainly?—Yes.

1588. They include a normal proportion of the young people you are concerned with?—Yes.

1589. And a substantial proportion are persons having training?—Yes.

1590. Their fare is two-thirds of £3 7s. You mentioned a little while ago your view that the discounts have been

ante at a school or other education establishment?—There is one small group who might qualify—and I am not sure whether they will come into this because I do not understand it sufficiently well; those on a sandwich course, where they do six months full-time with an employer and six months full-time at a technical college. But nobody else would.

1574. Would you like to add anything to your more or less detailed evidence of a general character for the information of the Tribunal.—I do not think so.

under-estimated by the applicants; you think that more of the young people will be deterred than we think will be deterred by the increase. I was wondering what bans you had to go on; you have obviously encountered those who have found travel too expensive in the past and have changed their jobs in consequence?—Yes.

1590. What sort of distances were they travelling?—The ones who were vividly in my mind because of my early experience were from the Barnet area to the centre of London.

1592. What is that?—40 miles. But there are others I know of, from Hertford, St. Albans and Watford.

1593. Have you any statistical evidence of the numbers who make the journey and the numbers who ceased to make it when there was an increase in fares?—This is over a period of years, and we do not keep any.

1594. You are giving us your impression?—I am giving my bitter experience.

1595. I take it that would apply sometimes when fares do not go up—they change their jobs and go closer at hand?—Yes.

1596. They get jobs closer in order to have more money?—Some of them do; some of them start off gaily hoping they will be able to afford to train but find they cannot manage it.

1597. It is the job of you or your staff to advise them about that and place them in jobs they can afford?—Yes, but this may well mean that the boy or girl loses the training for what he or she is suited, and the country and the employer lose the benefit of that addition to the pool of skilled people, which is so short.

1598. You say there is an increasing number of opportunities in the outer areas now for work, and people are moving into the outer areas?—Yes.

1599. Does that not mean that by and large the journey to work tends to decrease?—No, because the problem is that although there are more opportunities, there is not the wide range of opportunities to offer people precisely the training for which they are most suited.

1600. Some boys set their heart on something, and it is a good thing to let them go in for it, I suppose, even if it involves a long journey; but your boy who goes from Hammersmith to Deptford must have got his mind set on the sex?—No, he goes to an engineering firm.

1601. In Deptford?—Yes.

1602. There is a lot of engineering in the west of London?—Yes; the particular type of engineering he wanted—

1603. There are Acton, Baling and Shepherd's Bush?—There may be two explanations: one is that it may have been that the particular type of engineering he wanted was available only in Deptford; the other is that he tried the other firms and there was no vacancy.

1604. You do not know which it is?—Not in this case; it could be either or both.

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1605. On the other hand someone from Deptford might be finding a vacancy at Hammersmith for the same reason? That is less likely, because Hammersmith boys would have to move to Acton or come to—

1606. There is a lot of engineering at Acton?—Yes, there is a big demand from the residential areas to the west of London.

1607. Are you saying the engineering works at Deptford cannot absorb, or find, labour in the south-east of London?—We did have a number of unfilled vacancies last summer for apprentices in engineering. This is the first time in history that has happened, but it is an indication of the—

1608. What works was this in Deptford?—If this is to be publicly recorded I ought not to say.

1609. Very well; I understand. Was it some big new expansion?—No, it is an old-established firm—a large-ish firm.

1610. Of a specialist nature?—Fairly specialised, yes.

1611. That is an extreme case, is it not?—It is the case that came to my notice. I would expect to find other cases of similar cross-country journeys going on.

1612. I suppose the whole pattern of employment in London is incredibly mixed up?—It is; it is not evenly distributed; there is not an even distribution of all types of employment everywhere.

1613. And some districts are known to be purely residential?—Yes, even in Inner London.

1614. There is more employment of the apprentice type (apart from professional) in the suburbs than there is in central London?—This is the general impression, but curiously enough round Finsbury and Shoreditch and down Stepney there are a lot of small engineering firms who recruiting people from areas where there are not many.

1615. And Southwark, I suppose?—That has quite a bit, yes—along the river.

1616. When you go further out you find the bigger firms?—Yes.

1617. 8 to 10 miles out, I suppose?—Yes, 7 to 8. Deptford is about 7.

1618. Part of your evidence was devoted to examining the amount of pay these lads and girls got and how much they would expend: £1 per week, you say, for National Insurance?—And lunches. That would be about minimal.

1619. And, say, £1 for transport?—From Inner London, yes.

1620. £1 is two-thirds of 30s. Let us see what sort of journey one could do for 30s. from one of your tables. Cannon Street to Bexley 31s. 3d.; Holborn Viaduct to Bromley South 29s. 6d. That is the sort of journey you had in mind?—I was thinking of shorter journeys because so many of them include a bus journey at either end or both ends, where there are no concessions.

1621. That would add another 8d., if it was at both ends?—Yes, 8d. per day, if it was only a 4d. fare, yes.

1622. Can we get an idea of the journey you envisage by this one of £1 9s. 6d., Holborn Viaduct to Bromley South?—Yes.

1623. Or Cannon Street to Sidcup £1 7s. 6d.; that allows for bus fares. You are envisaging a more-than-average journey when you say there is £1 to be taken out on average for travel?—I do not think so; not if you take your bus fare as well.

1624. You think most of them travel that sort of distance?—Indeed.

1625. On average?—Yes.

1626. Weighting the average by those who merely take a 4d. or 8d. bus ride and no more?—We have a saying in the Youth Employment Service that pretty everybody in London has to seek employment, or does seek employment, outside his own immediate neighbourhood.

1627. I find that difficult to square with your suggestion that young people have been so discouraged in the past by increases in fares that they are coming closer and closer to home in search of work; yet you say the average journey for your purpose is central London to Sidcup; they must have been doing very long journeys before they were discouraged?—I think in the past there were more people coming to London than now.

1628. That is as the Government would wish it.—If you talk to employers in central London, they find it very more difficult to recruit than they used to because of competition locally. This does not get over the problem of the person who has to travel to find the skilled training he needs.

1629. Very well; I have put the puzzle I feel to you, and I pass on. If your youngster is getting 26 a week and is spending £2 on these minima of transport, National Insurance and lunch, that leaves him 24 in pocket to pay something to his mother—and to do what with?—How much would one spend in one evening going to the pictures for instance?

1630. Don't ask me; you tell us.—I do not know; I do not go to the pictures nowadays. It does not leave much margin for clothes, amusements and sport, for which he may have to travel.

1631. He has 24 in his pocket. I suppose parents still in the main do support their children in the beginning of their careers?—My impression here (I have no statistical evidence) is that parents help if they can, but they expect their boy or girl to contribute something towards the exchequer.

1632. That is very good discipline—to contribute something.—In some cases the oldest son of a large-ish family where there is not much money coming in may have to contribute a good deal more.

1633. One can find everything—from contributing nothing to contributing all he has got?—Remember, I said 25 was an average.

1634. But by and large, and disregarding extremes, the contribution to the household expenses which would be made by a boy of 16 would leave him a good deal in his pocket—say £3 in the week?—It could do, yes.

1635. And they do not tend to save at that age?—Yes, many of them do.

1636. I am very glad to hear it. But they are also apt to spend, are they not?—So the advertisers inform us, yes.

1637. They seem to think it worth appealing to the teenage market very extensively?—I think you are generalising. If the average is 25, it means half of them will probably be below the average. The ones above the average will probably be the very highly paid young people so the majority will probably be under the average.

1638. Let us take your average person.—You have to remember that the people seeking training, about whom I am so anxious, will be the ones who are probably below the average and will have rates—

1639. If you are going to alter your average when I ask you questions about it, it makes it difficult. For the

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purpose of your evidence in chief you took a lad earning £6 and said he would pay out £2 for (a) travel and (b) medical insurance and lunches; I am exploring what happens to the other £4. It would not be unreasonable for him to pay £1 to his mother?—Certainly not; more, probably.

1640. If he pays £2 to his mother, he still has £2 in his pocket for pure pleasure?—I would not have thought so. He provides his own clothes.

1641. That may be among the pleasures of the teenager?—It may be, but on the other hand it may be a necessity, if he is working in an office in the city. He will have clothes to go to as well; he may have sport, which he should take part in. All this is travel. He may also be able to afford some entertainment, but this I would tend to doubt.

1642. A good many of them spend a lot of money on consumer goods advertised?—Yes.

1643. And spend a good deal of time in cinemas, dance halls and coffee bars?—That would tend to be the less skilled person, earning more money. The person going to classes, who has homework, will not support this activity, on the whole.

1644. You are dividing them into sheep and goats from our point of view, although not from their's?—I think we have done this all the way through, yes; we have talked about those who want training.

1645. Those who want training, you think, are immune from the tendencies which amuse teenagers these days?—Unfortunately they are not immune; they are very subject to them, which is why it is so important that they should be able to manage, because if they give up training, they are lost. I was looking at an advertisement in the tube just now asking for skilled engineering fitters, whom somebody else must have trained, so even London Transport are finding this difficulty. There are not enough to go round.

1646. You are not suggesting my clients do not do their share of training, are you?—They do not train enough for their own purposes, do they?

1647. Do you say that, as a Youth Employment Officer?—Yes.

1648. Does that include British Railways too?—Yes.

1649. You did mention (I am not sure why) that among your persons whom you have to place are those physically and mentally disabled; what has that to do with this problem?—What do you mean by this problem?

1650. You thought it was evidence which was relevant to the problem this Tribunal is grappling with. Why? My learned friend says he raised it; perhaps you disagree with your learned counsel?—I would not presume to do that.

1651. Then tell me its relevance.—As far as the transport authorities as employers go—

1652. We are on physically and mentally disabled young persons for whom you perform the great service of finding places for them.—Because if the three are raised these people, who are needed by the economy and needed by employers, may well be wasted, as they have often been in the past, because we cannot get them to the place where they are going to get training to make them useful.

1653. If they are physically or mentally disabled they are not likely to come being to when they attain the age of 18?—No.

1654. Are you not being cruel to them if you place them in employment which they can retain only by virtue of two-thirds season ticket rate, knowing they will not be able to retain it when they reach 18?—Having been trained

for a couple of years or so, they will then be able to support themselves in their job, or at least be in a better position so to do, because training these people very often takes longer even for bumble jobs; so if they can be trained while young they will not become wasted material when they have to pay the full fare.

1655. I hear what you say.—Have I not made it clear?

1656. I shall come back to the general principles in a moment. I am sure everybody is in sympathy with the necessity for training and getting a worthwhile livelihood for people under a disability, and of course there are various agencies which exist to ameliorate the lot of the disabled?—Yes.

1657. There are various Ministry training schemes?—Yes.

1658. Under which they are supported by grants?—While training, yes. The Ministry of Labour training schemes rarely go on for more than six months.

1659. That is what the State does for them, quite rightly. But the key problem here is why should the other passengers take on this burden of assisting those entering upon the threshold of a career?—As I understand it (and I may be wrong) the transport authorities have accepted a responsibility for assisting people in training, in school, for many years; they may be trying to shelve this responsibility, but they have accepted it.

1660. I think it right to use the word shelve, do you?—Yes.

1661. Very well. Your argument is historical—it has always been done and therefore it ought to continue?—No, it goes on; the country needs and the transport boards need more skilled people, and anything that deters young people from acquiring the skills the country and the employers need will be felt by the country and the individual employers.

1662. I am entirely with you, and I am sure all my clients are; but you appreciate that under the financial arrangements which govern both these boards their revenue is provided by their customers, and if one lot of customers provides less, the others have to provide more. I ask: Where is the social justice of asking the other passengers—you and me, and people less fortunate than you and I, and who may be earning very little—to cross-subsidise these young people?—The evidence I have heard seems to show (although it may be outside my field) that it is not always the other customers who subsidise; they have other sources of subsidy.

1663. You think it would be nice if we could fall back on the Government?—I am not really supposed to have an opinion on that, am I?

1664. You are the only witness from the Greater London Council, as I understand it, and I am trying to find out what is the Greater London Council's social philosophy in this matter. Can you tell me any single commodity or service which is cheaper for teenagers except transport on the subway? My friend says cinema seats, do you agree with him?—Some cinema seats.

1665. Cheaper for teenagers?—For young 14-year-olds.

1666. I said teenagers; they are still at school at 14, I am talking about the kind of people you have come here to give evidence about.—Yes, free for colleges. There are a great many things where they are cheaper for young people.

1667. Fees for colleges?—Yes, attending classes. There is usually a cheaper rate for teenagers than for adults.

1668. Is this further education?—Yes.

1669. That is graduated according to age, is it?—To some extent.

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1670. Is that operated by the Greater London Council?—Yes.

1671. Can you think of any example that is not under the control of the Greater London Council? They do not get their clothes cheaper because they are within your age bracket?—No, but they can choose to buy cheaper clothes.

1672. So can you and I—But we cannot choose to get cheaper fares. The expression a captive audience or a captive market was used earlier, and a young person who can only get his training at one place has no alternative, he cannot opt to take a cheaper or a different way of going.

1673. Can he not? Can he not buy a bicycle?—If he can afford it and if he is old enough.

1674. I said a bicycle. That has gone out among the affluent teenagers, I expect, the old-fashioned pushbikes.—As a parent I discourage my teenage daughter from cycling in urban districts.

1675. That is another social aspect which you have consideration for? Tell me, people of 14 to 18, whether in employment or not, do not get their clothes any cheaper, do they, or their food any cheaper, or their fuel if they are householders, or their petrol any cheaper?—Fuel is a bad example because they are probably living at home and their parents subsidise their use of fuel.

1676. I was thinking of fuel because part of the fuel industry is another nationalised industry and some of them do get married quite young, at 17 or so, and might be paying a gas or an electricity bill, but it is just the same rate as if they were 57 instead of 17, is it not?—I do not think, you know, these examples you have given have the same implications either for the community as a whole or for the transport buyers as employees because they do not do anything to decrease the pool of skilled people that is so badly needed.

1677. I hope I made it clear I am with you in that respect, but the question is who is to pay, is it to be the general body of taxpayers, or your education authority, or is it to be the general body of persons who buy tickets on the railway. That is the problem?—I am not an accountant and I really cannot say how this is to be done. All I can tell you is the effect of doing it, which is what I was doing.

1678. If do not think we are really, save on details, in issue about that. What I want to know is what does the Greater London Council say marks out transport as being different from any other thing which a teenager buys so that it should be cheaper for him?—They have not consulted me.

1679. In other words, you are not a policy witness?—No.

1680. I suppose if your line were adopted, these cheap rates ought to apply on buses as well as trains?—It would be a very good thing if they were.

1681. I thought you would say that. They never have have they?—This is an anomaly, of course.

1682. Do you not think the anomaly here is taxing upon what once upon a time were shareholders but now is the travelling public a burden which ought to be borne by public authorities?—No, I do not think so.

1683. You do not think so?—No.

1684. You referred to the Industrial Training Act under which employers who provide training will get a grant. Where is that money coming from?—From the employers.

1685. Where does the grant come from?—From the levy that is levied from employers.

1686. There is going to be a fund, is there?—Yes.

1687. Is that fund self-supporting, or is it fed or guaranteed by the Ministry?—It is guaranteed by the Ministry, but the Training Boards, as I understand it—and I am not an expert on these things—are expected to concoct a size of levy which will make them self-supporting and will be used for training in the industry.

1688. Let us see what the philosophy of that is. This is Parliament, expressing the will of the nation, saying that there should be training and it should be the business of the particular industry looked at as a whole to provide that training, and those who do not must pay for those who do. Is that a fair way of putting it?—Yes.

1689. If that is the current social philosophy, it would follow, would it not, that any extra cost of transport caused by the distances which people have to travel to their employment ought to be borne in the same way, that is by the industries concerned?—Well, my feeling on this is that training is a costly business and the industries are going to pay very heavy costs for it.

1690. And you think they would resist having to pay more. That is, I suppose, a glimpse of the obvious, nobody likes paying more. We really come back to the *status quo*, do we not: it is here, paid for by other travellers and it is convenient to leave it here and not alter it, however unjust it may be.—What we come back to, surely, is that a public authority accepts the need to subsidise training, education, and anything that is going to alter that situation at this period of history when training is so desperately needed is going to be a very bad step.

1691. And that public authority providing transport alone among all those bodies, agencies and businesses which deal with teenagers should take this step?—It is the only one in the position to.

1692. It is the only one who does; that is right, is it not?—Yes.

1693. Let me put this clearer so there may be no mistake about it: British Railways, if this privilege were abolished tomorrow, would be better off in the London area by about £400,000 per annum, which is almost exactly the amount which they hope to get by putting the ordinary fares up by 1d. Do you follow what I am telling you? I am not very good at figures.

1694. Can you visualise two lots of £400,000?—Yes.

1695. One is the contribution of the travelling public to the teenagers and the other is what the ordinary travellers who take ordinary single tickets will have to pay if this application succeeds and they pay 1d. more per mile over 10 miles. Have you got those two figures in mind?—Yes.

1696. Supposing the Tribunal held that British Railways in the London area ought to have both those lots of £400,000 but were in your favour, it means that somebody else would have to find the other lot of £400,000 and we should have to come back and ask for a 1d. increase instead of a 1d. perhaps, or something like that. The burden is on the other traveller. You follow?—No, I do not follow that at all.

1697. You do not? I think you said you are not a policy witness?—Yes.

1698. You think the Railways and London Transport have a sort of bottomless purse of their own out of which they can subsidise deserving cases?—Nothing has been suggested to that effect to this Tribunal.

1699. Then where do you think the money is coming from to provide this concession?—Well, as I say, it seems to me that the suggestion all the way through has been an effort whereby that can be done. But I am not a policy witness nor am I an accountant and it is not my job to

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MR. PAUL GILLET

[Continued]

make suggestions. All I am here to tell you is the effect of this on the Boards as well as on the public and the young people.

1700. That is fair enough.—The effect will be that the Boards themselves will be affected because they will have fewer people to recruit for the trained people they need to run an effective service.

1701. Let me ask you this: I have said several times that we do not dissent from your proposition that those who are genuinely commencing to learn a trade and undergoing training are an asset to the country and ought to be encouraged, you and I are at one on that. You would distinguish, would you not, those people from the builders labourer of 18 who is getting good money and spending most of it?—Yes.

1702. What is it that the Greater London Council are suggesting should be done? Am you suggesting we should continue to give this concession to all and sundry under the age of 18, including the builders labourer?—I do not think we are making a suggestion which might be interpreted as a suggestion on how the Railways should run their affairs.

1703. I see, it is purely destructive?—No.

1704. Would you like to assist the Applicants and the Tribunal by indicating what it is you think should be done?—All my Authority wishes to do is to make quite sure that at this moment of history, for the sake of the railways as well as for the sake of the nation and the individual boy and girl, nothing is done to decrease the number of young people in training.

1705. You have said that several times.—You keep asking me the same question.

1706. I am asking for some constructive help. I want to know exactly what you wish to see us do?—In my private capacity?

1707. No, on behalf of your Council. You would not wish to see a builders labourer, who is getting a good wage, and probably more than a good many adult white-collar workers, being given the concession?—No, but on the whole he does not avail himself of that concession anyway because he finds jobs near home.

1708. There are many other categories like that, are there not; female office workers being among them?—

Cross-examined by MR. PARKER

1717. You did express a view with regard to the 25s. 0d. concession, that is to say the half-rate for those earning less than 25s. 0d. and the phrase I took down was that it was a wholly unrealistic figure. Can you give the Tribunal any idea of the sort of people who might be in favour of 25s. 0d.?—The only ones that spring to my mind are articulated pupils in solicitors' offices. There are still some who think they would like to have a premium.

1718. It would appear that there are people who apply for the half-rate concession, a very small number, and I wondered if your Council knew who they would be?—They would be, I think, articulated pupils for a profession; there are some who still think in terms of a premium, but very few nowadays, it is a diminishing number. Hair-

Re-examined by MR. McLEOD

1722. Arising out of the questions that my learned friend Mr. Fay was asking you, are you aware of any prior notification to the Greater London Council of the Railway Board's proposal to modify the concession and any invitation to the Greater London Council to consider the position?—No.

1723. Do you think the Boards are aware of their interest, as an Inner-London Education Authority, in the training of juveniles?—I do not think so.

1724. You do not think so?—No.

Some of those, yes; but the tendency is that those who are only interested in large money are usually not interested in paying any of it out in fares because they get a job as near home as possible.

1709. Are you prepared to give any assistance whatever on behalf of your Council to indicate where your Council thinks the line should be drawn?—I can only give this from a personal view, it cannot be on behalf of the Council.

1710. You mean we have no help from the council to assist constructively, you are merely here to say the *status quo* ought to be preserved?—I think probably the most constructive suggestion that I can make is that if you do anything to stop the pool of skilled people you will be doing great harm to the Boards themselves.

1711. Have the Greater London Council considered taking on that burden themselves as Education Authority?—They are not allowed to.

1712. Have they considered making representations to the Ministry of Labour?—Would the Ministry of Labour be in a position to do anything about that?

1713. You tell me. Perhaps I should say the Ministry of Labour and/or Education. It is an important policy matter both for the Government and for local authorities, is it not? These young people get assistance of various kinds, do they not? You have mentioned that your Authority gives them cheaper fares than it would charge to an adult on an evening course and they get grants when they are attending, do they not?—No.

1714. Do they not?—No, there are no grants for part-time studies, only for full-time.

1715. May I take it the Council have nothing to suggest except the rejection of the two Boards' proposals?—I do not think they have considered it.

1716. That is a pity.—They have not had time, have they?

(Mr. Parker): There are two matters about which I would like to ask the witness.

(President): We do not usually permit cross-examination from another objector, but as there are only two small matters you may proceed.

dressing was mentioned this morning.

1719. One other matter I want to ask you is this: a lot of questions were asked about engineering apprentices, but if one takes some of the other trades to which OLC 2 refers, are those trades concentrated?—Jewellery is, but printing is scattered.

1720. And catering?—This is not easy to find, but it is spread thinly—I suppose there are other trades which you have not referred to such as the furniture trade where there are apprentices.

1721. And again that would tend to be concentrated?—Yes.

1725. That, of course, would explain it, and much else. Social justice has been mentioned by my learned friend. That is a phrase, which perhaps means different things to different people, but if I suggested it meant a fair distribution of social and economic benefits between different people and classes of the population, would you accept that as a sort of working description of what social justice means?—Yes.

1726. If it means that or anything like it, has social justice relevance to the question as to whether these young people should have any concession in their travel?—I think it has.

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[Continued]

1727. You think social justice leads one to the view that the young people ought to have the concession?—Yes.

1728. Just a further point about Deptford. I do not want you to mention the particular establishments there, but when you say that at Deptford there was last summer particular difficulty in filling apprenticeship vacancies in the engineering trade, is that peculiar to one establishment there, or is it something which has reared its head elsewhere?—No, it was fairly general in the London area, but it was particularly noticeable in South-East London generally.

1729. What was the explanation, if there is one?—The number of young people is decreasing. The age group leaving school is now smaller than it was two or three years ago and it will continue to diminish until at least 1970, and there are more employers offering training.

1730. So that Deptford is not the only example of that state of affairs?—No.

1731. You were asked various questions arising from your evidence about the amount of spending money that is left in a young person's pocket after having spent what they have to spend on fares, lunches and National Health. Of course it all depends over what distance they have to travel, but if they are in the Inner London fringe they will have £4 left, in round figures; if they are in the GLC fringe, the outer fringe, they will have £3 left, and if they are from the outer areas on average they will only have £2 left?—Yes.

1732. So it depends very much on the distance they have to travel, how much they have to give their mother or have available for their own clothing, sport and amusement?—Yes.

1733. Would you just look at Mr. Lloyd's FIL 10 which was put in this morning. I just want to see to what extent it relates to your evidence. You took an average wage of £6 for a youngster of 15—I have not found that yet.

(The witness withdrew)

(Mr. Parker): I have no evidence, Sir.

(Mr. Mercer): I would propose to call one witness and, with the agreement of my learned friends and with your approval, I would then make my few submissions at the end of the presentation of my evidence.

(President): You had better make your peace with other Counsel. We do not mind which order you go in.

MR. JOHN HISLOP WHITTAKER, sworn

Examined by MR. MURDER

1739. Is your full name John Hislop Whittaker?—Correct.

1740. You live at "Mancobia," Linden Chase, Sevenoaks in Kent?—I do.

1741. Are you an Associate of the City & Guilds College?—Yes.

1742. A Bachelor of Science in Engineering?—Yes.

1743. A Fellow of the Imperial College?—Yes.

1744. And an Associate Member of the Institution of Civil Engineers?—Yes.

1745. Is your occupation that of a chartered civil engineer?—Yes.

1746. What is your position in respect of the Joint Committee?—I am Chairman of the Travelers' Association's Joint Committee.

1734. If one looks at the age 15 column and if one goes up to £6 (which is the figure you took) one includes 85 per cent of the total group?—Yes.

(Mr. Fay): In 1963.

1735. (Mr. Molony): I quite agree. (To the witness): So it looks as if there is not a great deal between you there. If one looks at the next column, which is a year later, I suppose you would assume that your people who earned about £6 at age 15 do a little better in successive years?—Yes, indeed.

1736. If one adds £1 on, I do not know whether that would be a fair attribution, but one finds that 74 per cent of the people are earning up to £7?—Yes.

1737. And if one adds on a further pound for the next year—which takes us up to £8 I take it—we find that 76 per cent of the people are earning up to £8. On grounds which may or may not be explainable Mr. Lloyd seeks to amplify this by an indefinite proportion. I do not know whether you have an view on that particular matter? Should one add on a quarter or anything like that in order to reach the current average wage rates for trainees in these three groups?—I have not looked at the overall average. I do know the increase in some things has been less and the increase in things like labouring is certainly more, considerably more. So I am not in a position to quarrel with that, I am afraid.

1738. When you give us an average figure of £6 representing the remuneration of somebody aged 15 working in central London, is that for 1963?—1966.

(Mr. Fay): I think youths and boys included in that table which was referred to come out at precisely 24 per cent. If one looks at April 1963, it is youths and boys.

(Mr. Molony): We had that point this morning, but we do not know what they are. I have no further questions, Sir.

(Mr. Mercer): I have mentioned this to them.

(Mr. Molony): I have not made a speech in relation to British Railways' Application and I was hoping to do so at the end of the evidence.

(President): Certainly. It does not matter to us in which order you make your speeches.

(Mr. Mercer): We can decide on that later.

1747. Do you produce a number of Exhibits IH 1 to IH 4 with various explanatory sheets in respect of these exhibits?—I do.

1748. You will explain these, will you, during the course of your evidence?—That is my intention.

1749. First, do you wish to say something about the revenue items which have been referred to in particular in Mr. Winchester's Exhibits WW 1 and WW 2 in respect of the use of local trains by passengers whose journeys are not wholly within the London area?—I do. The first point I would like to make is that so far as we can see and as we have heard from Mr. Penney's evidence, the revenue shown in the Railway Board's WW 1 shows nothing for journeys made by non-area passengers on the local trains, on which the costs are not allocated.

1750. Can we get some examples of this in respect of various trains which go through from one part of the country to the other?—This can happen in a number of ways. You get the long distance passengers from the London suburbs buying through tickets from their local

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[Continued]

station to their non-area destination. If, as is often the case, they have to cross London, they will travel first to one London terminus by local train and then cross London to the terminus for the main part of their journey. Mention was made the other day of the Glasgow to Hither Green journey. Thus we have the position that if a through ticket is bought the area receives no revenue. If, on the other hand, at greater cost to the Board because of the total booking costs a ticket is bought, say, from Hither Green to London the area accounts gets the benefit of that part of the journey, and then another ticket is bought for the journey on a train that will not stop in the area and does not enter into the account for the journey from Euston to Glasgow.

We then get the other case that is typical—and it happened the other day—of, say, Hastings to Hither Green. The fast train to Hastings on that line are first stop after Waterloo at Sevenoaks. Now from Hither Green to Sevenoaks you have a slow train, a suburban local train, which terminates its journey at Sevenoaks, which is the area boundary—

4751. Are there stations at which major interchanges for long distance trains are encouraged?—Sevenoaks is a case in point. The slow local train arrives at Sevenoaks a few minutes before the Hastings one from Charing Cross overtakes it and that train is available, or that service makes a very good connection for people who want to travel on to Hastings, and the reverse in the opposite direction. Also at Sevenoaks we have the Oxford branch line service coming in, similarly arriving a few minutes before the south-bound train departs, and in the reverse direction it leaves a few minutes later. There are other examples at numerous stations. Orpington is a case where you can show a similar type of connection.

4752. In relation to this particular example, have you endeavoured to work out some figures to show how this does affect the calculations in relation to revenue?—Yes. I have looked at this pair of journeys of Hastings to Hither Green and Hither Green to Glasgow, and if one person makes a return trip, or a pair of return trips, each day, one can say that the area has lost the revenue of a return trip from Charing Cross to Sevenoaks, for which the single fare at the moment is 6s. 3d. and the return fare is 12s. 6d. If this sort of loss occurs at, say, 500 stations for 364 days in the year—that is this one pair of journeys from each station—the loss would be of the order of £100,000 or slightly more per annum, and I would submit that it is highly probable that there are a far greater number on average from each station in the area taking this sort of journey, and the probable loss to the area of revenue could be as high as half a million pounds a year. That is only five people, or ten people if you like, to take the two journeys at each station in the area.

4753. So that apart from what has been said about revenue and the fact that it might be higher than is estimated, you think it ought to be higher because of those causes?—It should be higher by something of that kind, which is about 2½ per cent of the amount of £22,500,000 for ordinary revenue shown in JP 5 this time or about 1½ per cent of the gross total including season ticket revenue.

4754. Is that all you want to say first on the general position about revenue, and do you want now to deal with some other aspects of revenue, in particular with regard to parcels and mail?—I do, yes.

4755. Does this come about because of your view that London is more of a consuming area than a productive one and that it receives a large number of parcels from outside the area?—That is so.

4756. What do you find, in your view, is the effect of that position?—We did look at the figures in the 1962 B.T.C. Accounts for the Southern Region some time ago and compared the revenue from parcels and mail by coaching train with the mail on the non-passenger carrying coaching trains and the passenger coaching trains, and we found that the figure per mile was very high compared to

the cost of running an ordinary train. But to bring the thing a little more up to date because 1962 is a long time ago now, we have taken the British Railways Board's Accounts for 1964, and on page 36 we find—

1757. That is page 36 of the accounts section of the report?—Yes, under "Loaded train miles." At the top of the page, about the eighth line down under "Non passenger" we have 16,240,000 loaded train miles.

4758. And the receipts?—The receipts come from page 37, the top of the page, freight receipts. For coaching train traffic we get parcels and other merchandise of £38,536,000, postal parcels and mail £20,035,000, so that I make the sum of those two—which are the receipts from parcels and mail in the general sense of the word "parcels" here—£58,571,000. We have just seen that the non-passenger coaching miles in 1964 were 16,240,000 and that works out to give you a revenue—assuming that all that revenue is earned on the non-passenger carrying coaching trains—of £3.6 per train mile.

4759. Do you find that substantially higher than the average for other coaching trains?—In round figures, the figure for British Railways in the London area is a passenger revenue of about £1 per train mile.

4760. What is the inference so far?—My inference is that unless these parcels and mail coaching trains are usually expensive to run—which I find difficult to believe because it is an ordinary passenger train, basically the same type of vehicle, but not upholstered with comfortable seats—a lot of this revenue must come from the carriage of parcels, mails and general merchandise items on passenger carrying trains in the brake vans and baggage vans.

4761. You have seen, have you not, in typical suburban coaches facilities for the carriage of those traffic?—Yes. On the Southern Region we have on the local services what are known as four coach E.P.B. units which have a motor coach at each end with a luggage and freight van in each.

4762. Either it is earning revenue by way of parcels and mail or it is prevented from earning revenue by not having seats for passengers?—Yes.

4763. Have you been able to evaluate this item?—I do not think so. I have no figures to put forward for the revenue that is earned by the London area trains, not that I can put forward with any confidence as to revenue; but I do feel that if we are not getting the revenue we are carrying the parcel vans around on our backs and some proportion of the movement cost should be allocated towards that. The view I have taken is that if the baggage vans were cut off or much reduced in size to just a simple brake van, as is done on the two coach units which have a brake van at one end and a driving compartment alone at the other, the passenger accommodation could be increased by 5 per cent.

4764. What would that give us?—I suggest to the Court that they should consider whether 5 per cent of the movement costs should be debited against parcels and mails in the area.

4765. That would be 5 per cent of the £17.1m. movement expenses, would it?—Yes.

4766. The £8.4m. track and signalling?—Yes.

4767. And the £3.5m. general administration?—Yes.

4768. Then from WW 4, the £4m. interest?—Yes—that was WW 4 of 1964.

4769. That would give us a figure of £33m., would it not?—Yes.

4770. Of which you have worked 5 per cent out as being £1.65m.?—Yes.

(Adjourned until tomorrow morning at 10.30)



PROCEEDINGS OF THE TRANSPORT TRIBUNAL

LONDON FARES AND MISCELLANEOUS CHARGES DIVISION

WEDNESDAY, 4th MAY, 1966

PRESENT :

G. D. SQUIBB, Esq., Q.C. (*President*)

SIR THOMAS ROBSON, M.B.E., F.C.A.

R. C. MOORE, Esq., O.B.E., M.Inst.T.

Mr. B. S. FAY, Q.C., and Mr. K. JUPP, Q.C. (instructed by Mr. M. H. B. Gilmour, Solicitor to the British Railways Board) appeared on behalf of the British Railways Board.

Mr. J. T. MOLONY, Q.C., and Mr. L. MACLAREN (instructed by Mr. E. Kelsey, Solicitor and Parliamentary Officer to the Greater London Council) appeared on behalf of the Greater London Council.

Mr. M. C. PARKER and Mr. P. GRIEVE (instructed by Mr. Keith Lauder, Town Clerk and Solicitor to the London Borough of Barking, and Hon. Secretary to the South Essex Traffic Advisory Committee) appeared on behalf of the London Borough of Barking and the South Essex Traffic Advisory Committee.

Mr. G. MURCER (instructed by Messrs. Knocker & Fokett, Solicitors to the Travellers' Associations—Joint Committee) appeared on behalf of the Travellers' Associations—Joint Committee.

Mr. D. KEENE (instructed by Mr. A. E. Probs, Clerk of the Thurrock Urban District Council) appeared on behalf of the Thurrock Urban District Council.

Mr. F. A. RULER, represented the Federation of Residents Associations in the County of Kent.

Mr. G. E. AUSDEN represented the Association of Public Transport Users.

Mr. JOHN HASLOP WHITTAKER recalled

Examination by Mr. MURCER continued

1771. We were dealing with matters affecting income, if you remember, and you did give evidence with regard to the question of the carriage of parcels and mails on area trains. Perhaps it might be useful for you to explain these two matters before we pass on to your next topic. You did say that, London being more of a consuming area than a productive one, it received a large number of parcels and so on from outside the area; on what do you base the premise?—Mainly on visual observations of the London terminal stations, where one sees large stacks of parcels that come from the large mail order stores which are mainly in the northern part of the country, particularly round the Manchester/Leeds area.

1772. The second point arose out of your costing exercise, where, if you remember, you proposed that there ought to be, in favour of London, 5 per cent of these expenses such as movement expenses, track and signalling, general administration and interest, which you said would come to £1,650,000. Can you tell the Tribunal the way in which you reach this percentage of 5?—Yes.

Basically I did not consider it as a costing exercise in reverse but as an allocation of expenses, and the view I took was that the Southern Region is typical here because it is the biggest of the regions to deal with London commuter traffic, and I took the typical suburban four-car unit, which has two centre coaches, each with 10 compartments. The two motor coaches at the ends each have a luggage van and driver's compartment combined. That has eight compartments. We also on the Southern Region have some two-coach stock—suburban stock—which has one motor van with a guard's van and driving compartment, and the other—the driving trailer—has merely a driver's compartment and a small lobby by which the driver enters. That coach, unlike the one with the luggage van, has nine compartments.

So we have the position that our four-coach unit has two coaches of 10 compartments and two with eight—a total of 36—and it is my contention that the Southern

Region could operate in a manner similar to that of London Transport, where the guard is situated in the driver's compartment. If that were done, on the four-car units we would get two extra compartments, bringing it up to nine in each of the two motor coaches, or driving coaches.

So instead of having 36 compartments we would have 38 to carry passengers in, and I said that two over thirty six was 5 per cent (it is actually about 5.5 per cent).

1773. Finally on this same point your Exhibit JHW 1 sheet I does refer to this question of the carriage of parcels and mails, or it illustrates it?—No; this (to which I shall come in a few moments) deals with the movement expenses in detail.

There is one other point I would like to go back over, and that is on the question of the revenue not credited to the area for the use of the area trains by non-area passengers. I have a list of stations where interchange of the type I outlined, of passengers coming in from outside the area who want to go to an area station not served by either through, or suburban through, trains, would need to take place. It is a quite considerable list:—

Gravesend, Bromley, Orpington, Sevenoaks, East Croydon, Redhill, Three Bridges, Sutton, Dorking, Horsham, Sarnish, Woking, Staines, Slough, High Wycombe, Watford, St. Albans, Hatfield, Hertford, Bishop's Stortford, Uxminster.

Those are the ones within the area. Just outside the area there are:—

Shenfield, Guildford, Chelmsford, the Medway Towns.

That is a question of passengers' changing on to a suburban through train.

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MR. JOHN HESLOP WHITTAKER

[Continued]

1774. Then on the question of revenue—or shall we say loss of revenue—you did want to deal with the point which was raised in cross-examination and that is the use of area trains by non-area passengers?—Yes.

1775. Have you some evidence to give with respect to this cost which can involve the use of the facilities for non-area personnel?—My view on this is that the free travel to work and the reduced concessions to railway personnel and their families for staff that are wholly occupied on running trains connected with area passengers is a fair charge. But we have in the London area the main administration headquarters of a number of the regions, where there are a considerable number of personnel who are used for the operation of freight services. There is a certain amount of free travel for some of the old BTC companies who had the concession in those days, and I understand still have; that I do not consider to be a fair charge—the free travel and travel concessions—on area passengers.

1776. Have you tried to evaluate this from the point of view of how far it affects the revenue figure?—I can make only a rather rough guess at this, and unfortunately I cannot find the reference in the previous hearings which I have seen, but it was, believe, said at one of the previous hearings in discussing the London clearance, that London Transport were paid about £250,000 a year for the staff of British Railways who travelled over London Transport, and I would say as a fair estimate that possibly £125,000 per year should be credited to the area passengers on this account.

1777. That is the best you can do on that point?—It is.

1778. Then you wish to come next, do you not, to the question of season tickets, and here have you considered what ought to be allowed by way of revenue for the fact that these season tickets are an advantage to the Board from the point of view of getting their money in advance, and so on? Perhaps you would sooner deal first with the question of the discounted yield of season tickets?—That is the next note that I have. Each year that the Railways Board come to the Tribunal they apply a percentage discount to the gross yield of the increased revenue they expect to get from season ticket fare increases. This year in JP3 you see 1½ per cent, in column 5 of AD 5 of 1964 we have 1½ per cent, in similar an exhibit in 1963 (which I believe was AD 1) it was 2 per cent. So in those three years we have an accumulated 5 per cent of loss of revenue or loss of profits. Going back still further, in RMR 9 in 1962 there was a 3 per cent approximate figure in 1961, in DH 29 there was 2 per cent for increases from the 15th January and 3 per cent for further increases, in 1958 there was 7½ per cent and in BH 5 in 1957 there was 2 per cent.

1779. What does that present by way of total.—For 1962 to 1957 17½ per cent, and taking the total from 1957 to date we have 22½ per cent. I would say that the Railways Board have produced no evidence of an accumulated loss of passengers on season tickets of that magnitude, and the rate of discount they allow is far too high and should be of the order of ½ per cent at the outside.

1780. You have, of course, heard the evidence about falls in revenue in respect of season tickets. What would you suggest are the factors which account for this?—I think the principal factor, or one of the principal factors, particularly in the Southern Region South-eastern Division, was the almost continuous go-slow. Although it had its official periods about the end of 1964 and again in the summer of 1965, as Mr. Huskinson, the Line Manager, said at a meeting at Sevenoaks the other day, these disputes have a period of digestion and convalescence and my own experience of daily travel on that line is that the services took a considerable amount of time to recover to normal and the unreliability of trains was a cause of great embarrassment, I would say, to quite a number of travellers who never knew whether they would get to work on time, be early or be late. Another factor what I think caused a certain amount of public dismay for the Railways at that time was that the new Southern Region South-eastern Division time-table which was brought in

almost at the same time as go-slow held up, in fact about a fortnight after the official date. This was a very grave measure taken by the individual staff and I would like here to pay a tribute to Mr. Huskinson in perceiving with this plan in the face of much criticism, and I say that I think time has shown he was about 99 per cent right, but it has taken until now, in the height of the peak, for that time-table to get within five minutes of running to time. We have run through the winter at about an average lateness, I should think, of ten to fifteen minutes.

1781. These are factors which you think may give rise to the possibility of more buoyant revenues than have been so far estimated?—I think, indeed, there is every sign that the unofficial action has been pardoned, for the sake of a better word, and the time-table is getting itself into gear, the men are getting into the routine, and the service is much more attractive, the traffic is more evenly spread and people do not travel early to work to be sure of getting there; and I think this will be a considerable factor in bringing about higher revenue next year.

1782. Is there also something to be gained by the parking meter scheme which may encourage travel on the Rail?—Yes. The Greater London Council have recently announced that they are going to extend the parking meter system, which now virtually exists here in Westminster, as far as Putney and a similar sort of distance in the north and south. The area they intend to cover is what is known by London Transport as the Central London area and is shown in their Reports in the map at the front, and it does cover quite a large bit of London. In the 1963 London Transport Accounts it is at the very beginning and it is shown, I admit, as a very small black blob in the centre of London.

That is pages 1 and 2, is it?—I am sorry, it is the 1964 Account I want to refer to, VII. It is shown as a dotted area there, and on the one in the previous account the City of London is shown as a small black blob.

1784. However, you think that will be a factor in the matter of season ticket revenues?—Yes, in two ways. Firstly, the amount of car parking space will be reduced in the more popular areas, which is generally what occurs when parking meters are installed. Secondly, it will also make car parking more expensive, which will be a deterrent to the car users to some extent, or the marginal car users. Also those who can still afford it may find they will have to park so far away from their office that they lose the benefit of the door-to-door transport that they like to have.

1785. On the question of season ticket travel, have you extracted some figures of passenger journeys over the years from 1960 to 1965?—Yes. From the Monthly Digest of Statistics I have got the average monthly season ticket journeys.

1786. These are found in March 1966, are they?—Yes.

1787. It is Table 119 at page 97. Can you give us the figures?—In 1960 there were 12,083m. each month on average, in 1961 there were 13,066m., in 1962 there were 13,59m., in 1963 13,21m. and in 1964 13,46m., and by totalling up the individual months for 1965 that are given and averaging them, I calculated that for 1965 the average was 13,20m.

1788. What do you conclude as to that?—That basically over that period London Transport Underground railways from the passenger gathering angle—and it is very similar to the suburban services of British Railways, probably with rather less growth and losing rather more traffic on the inner area—has shown a very stable flow of season ticket traffic. I think some of the differences between the monthly averages are due to the incidence of the thirteenth week around Christmas, this would be enough statistically. The biggest difference is 103 in 1962 and 98 in 1960.

1789. Would you, then, propose to leave the question of revenues and consider how far the expenses items ought

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to be looked at from the point of view of the London area?—First I understand you propose to deal with movement expenses; is that right?—That is so.

1790. And the charge to the Area for the movement expenses of suburban through and other through trains given in WW 1. Can you tell us what the conclusions are in respect of this item?—WW 1 this time shows the contribution towards other through and suburban through trains as being £3.5m. at line 5. Mr. Winchester in his evidence—and I have a note taken from the Shorthand Writer on this because I have not got a transcript—said: "As regards the other through trains within the London area about 40 per cent of the passengers are London and about 60 per cent are non-London. As regards the suburban through trains about 80 per cent of the passengers are London and 20 per cent non-London."

1791. On this basis what do you say about the passenger miles for Area passengers?—This does appear, I understand, at Question 74 of the transcript, which has just been handed to me.

1792. Perhaps you would read the Question and Answer—I will read the whole paragraph: "I see on page 125, column 1, in the middle of the column, I endeavoured, by rudely breaking into Mr. Goff's final speech, to correct what seemed to me clearly wrong, but it was thought that opportunity came too late. But whatever happened last time, what do you say the facts are now?—The fact is that as regards the other through trains within the London area about 40 per cent of the passengers are London and about 60 per cent are non-London. Just to complete the picture, as regards the suburban through trains about 80 per cent of the passengers are London and about 20 per cent non-London. And combining the two, looking at the through trains as a whole, the proportions are more or less equal, about 50 per cent each."

1793. What do you say about the passenger miles in respect of Area passengers and the ratio as compared with Area and non-Area passengers?—Basically the allocation of costs has been done on a passenger miles basis and in the Area the suburban passengers principal travel is from the London termini outwards, and by inferring that the costs should be charged on a 50/50 basis on passenger numbers rather than passenger miles I think Mr. Winchester was forgetting the fact that, on average, the users of the suburban through and other through trains do not travel to the area boundary. To clarify this I will take the line from Sevenoaks to London. We have two services in the other through class. The first is the train to Dover which calls at Orpington and Sevenoaks. In that case we have rather more than half of the Area passengers getting off at Orpington, about 13 miles from London, and the remainder going on to Sevenoaks at 23 miles. The other service we have got is the Hastings one which only stops at Sevenoaks in the Area. Now for the Hastings train I would agree with Mr. Winchester, but for the one that calls at Orpington we have lost half the passengers at 13 miles and the other half of the passengers go the 23 miles, so he is over-stating the area passenger miles basis.

1794. Have you endeavoured in your exhibits to deal with this matter by, first of all, setting out some of the stations—

(Mr. Fay): If my friend is passing from that, it might assist him and this witness to have it pointed out that the allocation of 50 per cent and the 40 and 80 per cent referred to were, of course, passenger miles and not passengers. That appears from the previous question and answer.

1795. (The witness): I would suggest it is a conflict between the two remarks.

(Mr. Fay): Mr. Winchester has expressed some regret, on reading this, that his phraseology was—perhaps "woolly" would be the term to describe it. What he has in mind is passenger miles and he says to in answer to Question No. 73, where he says "The facts are that within the London area, on average, about 40 per cent of the passenger miles in other through trains are London

passengers and about 60 per cent are non-London passengers." If one reads the next Question where he speaks of "passengers" one no doubt gets the impression which the witness got, but the fact is the percentages are not counting heads but counting head-miles.

1796. (Mr. Mercer): The answer, presumably, Mr. Whittaker, is that you have not got the information which would enable you to deal with that point.—Unfortunately I was not able to hear Mr. Winchester's remarks clearly and I asked the Shorthand Writer for that extract which I read and based my remarks on that. It is for the Court to decide which of the remarks are the pertinent ones.

1797. Are you still of the view that there is some correction to be made in respect of these fluctuations of the Area and non-Area passengers?—Yes. I would say that his first remark in Question 73 would be quite correct for the Sevenoaks/Hastings trains that I referred to, but not to my Orpington one.

1798. So we have got to get at Sevenoaks and not Orpington?—Yes.

1799. Do you wish to refer to your exhibits—which I take it will still be relevant—Exhibit 1, sheets 4 and 5?—Yes. These two exhibits were prepared (and they have been seen by the Board) to show to the Tribunal the actual type of service provided by the two examples given in WW 2 of the other through trains. It refers to WW 2 paragraph 8.

1800. This was referring in particular to stopping trains to Brighton?—Yes, and other through trains which would call within the Area but which are mainly concerned with the movement of passengers outside the area or between area stations and other stations. The stopping trains Brighton to London and Southend to London were examples, and I have set it out to show clearly the stations served.

1801. Can you fill in your source for the figures of station usage?—Yes. These were taken from a British Transport advertisement entitled "Opportunities to view posters at 1,872 British Railways stations." On the cover of this document appears the statement: "The figures appearing after the stations listed in the table provide an excellent guide to the minimum annual number of opportunities to view posters. They are, in fact, the annual number of passengers joining and alighting from trains at those stations, but exclude passengers changing trains at intermediate stations and people using the stations but not travelling."

1802. What are the figures based on?—The figures are based on a physical count of passengers during an average week in (a) the summer, (b) the winter of 1963.

1803. I take it you are not putting these forward as being necessarily precise in annual terms, but are they, in your view, adequate and sufficient samples?—I take the view that statistically they are a very broad sample. There may well have been errors in arithmetic or elsewhere in the figures themselves, but overall by putting these figures in a row it will give a reasonable indication of the probable train usage.

1804. You want to make the point that each journey was counted entering and leaving the station.—That is one of the points that came out in their note, and the figures as given in the brochure in the British Transport advertisement are in thousands entering the station each year, so to get the number of journeys, as you count them at both ends you have got to divide by two, and to give some idea of what I call the average usage I divide by a further 500.

1805. Are we to take it that the value of these figures is their relative value?—I would prefer to look upon them as indices rather than absolute figures.

1806. In other words, they have a value in so far as one relates to the other?—Yes.

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1807. Rather than a value which might have been given to them as precise figures. Does this throw a light on Mr. Winchester's figures of percentages of Area passengers?—I had looked at this sort of figures considerably and on this sort of basis I think Mr. Winchester's figures of passenger miles of Area passengers on the combined suburban through and other through trains as being approximately 50 per cent is of the right order.

1808. Are there other through trains which make only one or two stops in the Area?—Yes, there are quite a number of services of that nature: for instance, the Hastings one and the North Kent line trains which only stop at Bromley.

1809. But those will be the ones where the Area usage, if I may put it in that way, would be a much smaller proportion.—Yes, and, of course, in some instances of those trains the last station is not at the end of the Area.

1810. We have heard about that on a previous occasion. Then you wanted to say something about the suburban through trains which are referred to, are they not, in your Exhibit JHW1, sheets 5 and 6?—Sheet 6. This again, goes back to WW2 and this is the two examples that the Board gave as being suburban through trains, Liverpool Street to Shenfield and Guildford to Waterloo. That is on page 26 of the present transcript, the right-hand column, the top paragraph.

1811. What is your comment on this?—I think they justify Mr. Winchester's broad view, but in going through the timetable I would say that these two examples of suburban through trains are probably more suburban than many others I could find. Another example of what I considered as a suburban through was the Charing Cross to Gillingham train, which makes far more stops outside the Area than either of these two examples, which in the case of Liverpool Street to Shenfield have two stations, and in the case of Waterloo to Guildford has one station outside the Area.

1812. That deals with the suburban through trains and their movement expenses. Did you want now to turn to the question of unit movement costs, which I think are referred to in your exhibit JHW1, sheet 1?—I do, yes.

1813. This is an exhibit compiled from the Board's figures, but it confuses with some percentages which have been derived from those figures; is that right?—I have made two calculations. The first one I have in the centre of the exhibit, a table of allocation by form of traction. The Board gave me the first two sets of figures, "loaded train miles" and "expenses" and I have divided one by the other to get "expenses per loaded train mile."

1814. That gives you the expenses for the different forms of traction.—At different forms of traction, yes.

1815. What is the significance of the divisions of the different forms of traction?—I would like to come to that in a moment, except that I would like to draw attention (because I shall be dealing with it later) to the figures against the London Transport Board electrical multiple units of £0.643m.

1816. That is the last of those figures?—Yes. The next exercise that we did was to take the first two tables provided by the Board and work out the average movement expenses per loaded train mile for local trains in each Region, suburban through and other through. You can see the figures there. With the local trains we found subsequently that these included the higher cost of the London Transport Board electrical multiple units, so I have since amended my own copy of this exhibit and where I have local trains I have included "including London Transport LTB EMU". From the figures given in the tables at the top, the loaded train miles table and the movement expenses table, we have deduced the costs and train mileages of the London Transport Board trains running on British Railways, and that gives me the average unit movement cost of the British Railways local trains as £0.453 for the Southern—

1817. That is instead of the £0.466?—In addition I would say, it is an additional figure—£0.497 for the Eastern Region, £0.450 for the Midland Region, and £0.462 for the Western.

1818. Would that affect your comparison for the different Regions?—I think it brings out more closely the relationship between the British Railways' own local trains and the cost of the suburban and other through trains which are, of course, wholly British Railways. I will explain why the cost of the LTB appears high here when it comes to another heading. I would like to draw the Tribunal's attention to the unit movement cost for the Southern Region, where the vast majority of the services are operated by electrical multiple units and basically the movement expenses for these different trains, for the same form of traction, should be very much the same. We find that the local train cost is £0.453 on the Southern Region, for the suburban through it is £0.460 and for the other through it is £0.402. Now Mr. Winchester said that the suburban through trains, on average, were, I think it was, 80 per cent Area passengers. Now these, according to WW1, are allocated costs. I say this because the sum of the movement expenses in the middle of the table is £1,938,000 suburban through and £1,967,000 other through trains, which comes to the same total as appears in WW1. If we divide £0.46 by 0.8 that will give us the local movement cost of the train if it had been properly allocated, and that comes to the order of £0.573 per mile as opposed to £0.453. I cannot find any explanation for that. Turning to the other through trains where we have a working expense of £0.40, if we divide that by 40 we come out at approximately £1 per mile. Now both those figures are much higher than the cost of the movement of local trains.

1819. Do you find a similar position in the Western Region figures?—We find this position even before we start trying to allocate costs on the Eastern Region: we have the position where the B.R. only local trains are £0.497, the allocated cost of the suburban through is £0.544, and it is £0.670 for the other through. Looking at it in another way, one could almost say that on the Eastern Region it would be cheaper to the Area to run a local train to the Area boundary at £0.497 per mile average cost and give the London Area passengers a free ride.

1820. What do you think is the result from the point of view of this costings exercise so far as these costs are concerned to Area and non-Area passengers?—Well, my view is that it would appear the cost allocations have not been done as Mr. Winchester has indicated.

1821. Have you tried to get any sort of figure which ought to be allowed in favour of the London Area passengers in this connection?—For the purpose of this exercise I took Mr. Winchester's remark of 50 per cent of the passenger miles in the Area being Area passengers. We have a total there of just under 24m on WW1 as movement expenses, that is the £1,938,000 plus the £1,967,000.

1822. What figure is thrown up there if you consider this?—£1.95m.

1823. That would be the difference for the London Area passengers on that basis?—Yes.

1824. You now want to turn to the last point on this exhibit JHW1 sheet 1 and consider the question of allocation by form of traction.—There is one point on this. I took the figures that I have given there and attempted to put them in to the loaded train miles shown in the British Railways Board's Report for 1964 with some upgrading for the higher movement costs of the freight trains, because they are, generally, slower-moving, with more time lying at sidings and that sort of thing, and it gave me a comparable cost to the movement cost shown in the B.R. Report.

1825. Do you want to turn to your Exhibit JHW1 sheet 2, which is a continuation of this matter?—Yes. The first part of this table shows the rise in cost in pounds

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[Continued]

per mile compared with figures prepared from the Board's Exhibit WW6 the last time to give the unit loaded train mile costs. I would just draw the Court's attention to the very considerable increase in these figures. The Eastern Region suburban through and other through trains have gone up by 20.12 per mile and the other through trains by 20.22, the Southern Region, on average, has gone up by 20.03, and we have again a very high increase in cost on the Western. The second table is the percentage increase in movement costs per loaded train mile between 1964 and 1965, and these are the other figures expressed as a percentage of those derived from WW 6 last time. There are two points again, which I would like to mention. First that on the Eastern Region we have got the local trains increasing by 15.4 per cent, the suburban through trains by 28.3 per cent—and these, you note, are unit costs, not total costs—and the other through trains by 22.3 per cent. The other large increase in unit movements costs is on the local trains, which went up by 23.5 per cent. There is a very great discrepancy between the Regions, which is something I cannot give any great explanation about unless someone has entered costs some costs for a future increase or forgotten to put them in last time. The other point I would like to draw your attention to is that on the suburban through trains, with the exception of the Western Region which has a very small increase of 2.8 per cent, in the other three Regions the increase in costs has been higher for the suburban through trains than for either of the other two classes. The Tribunal has been told this time that the method of allocation of costs of the suburban through trains has been made more favourable to the London Area to the tune of, I think it is, 20.4m. because the costs are now allocated on the formula that was previously used for the other through trains, and if that had been done one would have expected, on average, that the unit movement costs of the suburban through trains would have gone up less than for the other two classes.

1826. That is as far as you can take it on the information which has been available.—Yes.

1827. If we leave that exhibit, do you want to refer to JWH 1 sheet 3, which again is based on figures supplied by British Railways except for the table which gives the actual movement expenses for loaded train miles?—Yes. The main purpose of including this table was that it enabled us to show to the Tribunal the loaded train miles for the L.T.B. electrical multiple units in the upper part of the table at £470,000 for the Southern Region, £1,628,000 for the Eastern Region, and so on all through the other Regions. Then the movement expenses for the London Transport Board electrical multiple units at £270,000 for the Southern Region, £1,061,000 for the Eastern Region, and so on. These figures, as I explained earlier, were deducted from those shown on JWH 1 sheet 1 so that we could abstract separately the cost of B.R.'s own local trains. Then we have at the very bottom of the table calculated the unit cost of movement of the London Transport Board E.M.U. units by Regions: 20.457 for the Southern, 20.652 for the Eastern, 20.983 for the Midland and 20.425 for the Western Regions. The reason I think the Midland Region is so high is because the mileage is very low and any slight rounding of figures there will have a disproportionate effect. There are only 60,000 loaded train miles and a Branch cost of 259,000.

1828. Those are the figures which relate to your evidence which has just been given, do they?—Yes.

1829. Then your Exhibit JWH 1, sheet 7, is by way of a practical example of services to demonstrate the probable passenger usage and train miles of the Area and non-Area passengers as referred to in the examples. Is that right?—Yes. I did not intend to pursue this in detail because in his evidence Mr. Winchester gave me the figures that I was attempting to derive here. I was attempting to show this for the two services Reading to Paddington, one of which is described as "semi-fast" because it stops at a number of stations—and it certainly would not be described by the general public, whatever British Railways' terminology, as a "fast" train—and the other of which is the semi-slow train. Where a blank has been left against a station in the train usage column that indicates the train does not stop.

1830. Generally do you agree with Mr. Winchester in regard to the figures which he gave?—At the moment I can see no reason to quarrel with his figures.

1831. Do you wish to say something about JWH 1, sheet 8?—Yes.

1832. Which, again, is an abstract from, in this case, London Transport's Accounts in order to be comparable with the following sheet. Is that right?—No, I think I would put it in this way: The figures in the left-hand column were taken directly from London Transport's Account, page 47, and I attempted in the next two columns to allocate those expenses in the Account as being either all connected with movement or only partially connected with movement. I submitted this to the Board and they have agreed the figures with one exception, and that is that near the bottom under "General" in the total expenses we have £2,447,000 and I allocated to the Region £300 myself, and the Board said that should be £800.

1833. Do you mean £300?—£300,000. My reasoning for this basically was taken from the general administration part of London Transport's railway expenses which appear in R 2 of 1964 on page 47.

1834. That is the London Transport Report, is it?—Yes, towards the bottom of the page. I felt that, perhaps, too much of the rates on some of the other items was being allocated against movement expenses because of the proportion of some of those items in connection with railway stations, and things of that nature. I do not think it is a matter of great importance, I just explain that as Mr. Winchester has raised it. As I say, it is not important and in what I am going on to it is against me. We have then calculated the cost, from these figures, of taking the total loaded and empty train miles, the unit cost for the loaded train miles of the London Transport LTB units for their own lines, and at the very bottom right-hand corner you will see the figure of 20.593 which compares, one remembers, with the figures on the exhibit of 1964 and the figure on my Exhibit JWH 1, sheet 1, of 20.643.

1835. That is the figure of expenses per loaded train miles.—Yes, allocated by form of traction.

1836. Against the EMU units.—Yes, the LTB EMU units, the third table down, the bottom line.

1837. What is your conclusion from that?—On my Exhibit JWH 1 I found that the unit movement cost for the LTB unit was 20.643 while for the Southern it was 20.463 per loaded train mile, and this explains the discrepancy if that figure is right. But what I do want to go on to here is to draw the Tribunal's attention to the items on JWH 1, sheet 8, of administration under "Other operating and traffic expenses," where we have a movement allocation of 275,000.

1838. This is in the right-hand column.—In the right-hand column. Then we have under maintenance £280,000, and under general expenses we have £300,000.

1839. This is the figure which differs from the figure given by Mr. Winchester?—Yes, which totals 2555,000 or, if we accept Mr. Winchester's figure, we have got another £500,000 to add on which brings us up to £1,155,000.

1840. What do you feel about that, Mr. Whittaker?—This is approximately 10 per cent of the charge made to British Railways for running these trains, which is given on my exhibit JWH 1 sheet 9 which are figures given to me by the British Railways Board. You see there, in the second line for 1964, the payment to London Transport is £1,098,000.

1841. So that there appears to be a difference between what is paid and what you suggest is thrown up as the cost under the figures?—Yes. What has happened, I think, is that this payment by British Railways Board to London Transport on my sheet 9 does not include anything for electrical current, as is noted on that exhibit,

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[Continued]

and that, of course, uplifts the unit costs. I have shown on JHFW 1 sheet 9, to the right, the figure of £0.35. But the point I wish to make is that that sum of £1,098,000 has gone through in the British Railways' Accounts as part of the movement expenses of local trials in WW1, and on that British Railways have charged administration at 11 per cent.

1842. That was a figure which Mr. Winchester agreed, I think.—Yes. But we have all seen from the figures I have mentioned that London Transport have already added most of the administration on to that, and I think the answer to this comes in the different method of accounting that has been adopted by the British Railways Board since they ceased to be the British Transport Commission. In the old British Transport Commission days administration appeared under departmental headings, in the British Railways Board's Accounts it appears as a global sum. On the other hand, London Transport are still following the pattern of the British Transport Commission, and I think it might be interesting to the Tribunal to turn to the British Transport Commission 1962 Accounts, at page 72—

1843. That is Table VI(1). Which figures do you wish to refer to there?—There we go through the various operations. We start off all start at the bottom of that table where we have working expenses, and the last item in that just before the total of £516m. is £24.553m.

1844. That is the annual working expenses.—Yes. Then on page 73, which is train and vehicle operating expenses, we have administration of £9.748m.

1845. That is at the top.—The first item, yes. The next sheet is maintenance of rolling stock, where the administration is £4.5m. On page 75 at the top we have administration for other traffic expenses at £10.8m. Lower down the page we have signalling expenses, administration £2.7m. Turning over to page 76, we had administration again, the first item of 6.8m. On page 77 we have railway general expenses £24m. brought in. I would just say that adding that up gives one a total of £57.6m.

1846. That is adding up to page 76.—Yes, it includes the total on page 77, the £24.5m. Turning to the British Railways Board's accounts for 1963, on page 20 we see under working expenses, the middle part of the table, administration and general expenses, £56.7m. If one then turns to the more detailed statements of working expenses on page 40 and the following pages, one finds no reference to administration.

1847. What do you conclude from these figures?—That it would appear that by adding 11 per cent to the London Transport figure, which is the administration charges already distributed among the various figures, by the British Railways' style of accounting we have a case of what I might describe as "Double-entry book-keeping," we are being charged twice for some of this administration, and I would suggest that it would be of the order of 11 per cent of £1.6m.

1848. Which would give us £0.12m., which is £120,000?—Yes.

1849. Which should be credited to the London area?—Yes.

1850. Now do you want to deal with the further items of expenses in relation to depreciation?—Yes.

1851. If I can refer you to WW2 paragraph 4, it is stated: "The estimates have been compiled on the basis of the accounting practice used by the Railways Board in the preparation of their published accounts, with one exception." Is that right?—Yes.

1852. Then: "The Board, in addition to providing depreciation for movable accessories such as rolling stock, also amortize expenditure on physically fixed assets."—Yes.

1853. Do you wish to say something about that, and have you looked at the British Railways Accounts, and in particular I think the 1963 Accounts first.—That is right.

1854. They are on page 14.—Yes, paragraph 20, the notes on the Accounts in 1963. In this paragraph 20 we are given the periods on which the depreciation and amortising of the vehicles are based, and we see, under coaching vehicles, "Diesel, mechanical multiple units, Pullmans and other luxury trains, depreciation life 20 years; other coaching vehicles, 25 years."

1855. So we know now the expected lives of these vehicles.—Yes.

1856. Then do you wish to refer to the 1964 Accounts?—Yes.

1857. It is page 20, Folio 3A. To what figures do you wish to refer there?—In this table referring to the various items of depreciable assets of the Board we have, under coaching vehicles—

1858. That is the second heading?—Yes—a total of £280.6m. If we then look across to the right-hand page, table 21, we find under the second column "Added depreciation provided during year, £12.1m.," and that is approximately one-twenty-fifth, or rather less, of the £287m., which indicates that the Board are depreciating the whole of their rolling stock, whether it was pre or post 1955 on this basis and charging depreciation on this basis.

1859. To illustrate this further have you prepared Exhibit JHW 2 sheet 1.—Yes.

1860. Have these figures been agreed by the board?—They have.

1861. What do you say in regard to these units?—The main point I am striving at here is as far as we can see from the figures in the exhibits which the board have provided, there is no allowance made for depreciation of the pre-1956 assets which, according to their WW2, they are charging. As they state, they are following the board's normal accounting process. In this exhibit I have taken the electric multiple unit vehicles that have been built between the years 1956 and 1955 from the board's accounts because we know the majority of those are for services in the London area. There are vehicles pre-1948 that are not over 25 years old which are still in service, and I have told the annual expenditure, which will correspond approximately with the gross book value, and this would indicate that on these units the board are making an annual charge of £668,000 and are in no way using this to offset the capital expenditures which have been incurred.

1862. What does this mean from the point of view of the London area?—As far as I can see, this money is just disappearing.

1863. What do you say there ought to be?—My view is this money should be set off against the amount on which the interest charges are levied.

1864. What interest saving would that give?—In a future year I estimate this would come to £158,700.

1865. That is a further credit we should be given in respect of the London area costs?—Yes; it would appear as a reduction each year in the capital employed.

1866. Does this deal with what you wish to say on depreciation?—Not completely, because those vehicles that we have listed are only one type of the rolling stock employed in the area; there is a certain amount of locomotive-hauled stock which we have not been able to trace, and in addition we have had the position in the past, where diesel schemes have been brought into operation where post-war rolling stock was used in the area; the new schemes were brought in, and this relatively modern rolling stock was dispersed to other usages (and to a certain extent this has happened also with post-war steam).

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[Continued]

locomotives). When this stock is displaced we have paid depreciation on this in the past and have not had the last use out of the article.

I would suggest there is something here where an adjustment in London's favour could be made; it may not be a very large amount but there is something there, although I cannot put any value on it.

1867. If this deals with the matters you wish to raise about depreciation, do you wish now to turn to the topic of the prepayment of season tickets?—Yes.

1868. Have you prepared an exhibit JHW 3 sheet 1 in which you have endeavoured to calculate the amount of interest the board could earn, or could save, and can you explain how you arrive at this amount which you say is to be credited in respect of this item, of £0.102m.?—Yes.

Basically my point here on the prepayment of season tickets is this: let us take the racer ticket, which will illustrate the case more simply, of somebody's buying an annual season ticket for, shall we say, £100. The Board have the money for the whole year, but it is not until the last day of the year that they expend the money required to provide the last service that is being paid for. If we had the case of one person buying an annual season ticket every day throughout the year, we would have the position where the board had got for the whole of the time £100 of capital provided for them.

I have worked it out, basing my figures on proportions of monthly, quarterly and weekly season tickets—and Mr. Winchester has agreed with me in his evidence—that the 5 per cent of the amount paid in advance by season tickets is of the right order of the amount of capital the board is provided with on an average basis. This working capital that is provided should be set off against the interest charges, and I have totalled in my exhibit, against the season ticket revenue figures, the interest saving in each year which has been credited in the past (and for the future year), which brings the total figure up to £0.1m.—£0.00,000.

1869. This is the net figure you consider should be the part of the figure to be accounted for as far as London is concerned?—It should appear.

1870. Now you want to turn to capital expenditure and interest charges generally, and for this we turn to your exhibit JHW 4. Is sheet 1 compiled from the Board's exhibits WW 4 for 1963 and 1964, and for 1965 from corresponding figures which were received from the board?—That is so.

I would like to mention here that subsequent to this document's being prepared we received some slightly revised figures from the board, to which Mr. Winchester referred. They varied the totals slightly in each year, going back particularly to 1963, and also in 1960. The difference in principal is small. The total expenditure of the proportion of expenditure on my table is £59.4m. The board raise it to £60m.

1871. Do you remember that Mr. Winchester made the point in his evidence that your percentages could not be taken to too fine a decimal point, and you accept that for your purposes it is quite sufficient if you take these percentages as broad figures?—They were produced to show trends (if any existed) and for no other purpose.

1872. What was the main purpose of this exhibit?—The main purpose of this exhibit, which sets out the capital expenditure or capital employed statement by the board for each year 1963, 1964 and 1965, was firstly to check the depreciation on these assets had been allowed (and we find that was so), and figures were calculated and are given on JHW 4, sheet 2. What we did find, however, which surprised us, was that when we came to the way and structure assets it appeared that amortisation had been charged—certainly the net capital value of these assets had gone down in the same way as if amortisation had been charged, and this was to the tune of £600,000 per annum.

1873. Does that bring you to a consideration of JHW 4, sheet 2?—Yes. These are the figures, on JHW 4, sheet 2; where there was no capital expenditure you have the simple deduction of one figure from the other and where I have, under "other schemes," put the figure in square brackets I have had to approximate that; but the board have agreed that figure is £0.6m., even on their revised basis.

1874. Those are your conclusions on the question of amortisation?—I would go back to one WW 2—our paragraph 4—where the board state: in the estimates in WW 1 no provision is made for amortisation. Instead, a reasonable annual charge is made for the renewal of such assets as are expected to need renewal in the foreseeable future.

1875. What is the only explanation which you can deduce from that?—Again we have what I might describe as a little bit of double entry book keeping, in the lack of any other explanation.

1876. Is that what you consider after considering the question of depreciation generally, and secondly amortisation and thirdly reasonable charges for renewal?—We asked the board by letter whether they could tell us the amount charged to the area for the reasonable charge for renewal referred to in WW 2, paragraph 4. Their reply was that this information was not readily available.

1877. Was this referred to in the previous hearing, when it was said that the main part of this charge appeared in line 6 of the WW 1 of 1964?—Yes, that is so; at question 170 there was reference to this, and line 6 of the WW 1 for 1964—

1878. Is that the item for track and signalling?—Yes: £7.7m.

1879. Then in WW 8 of 1964 we have reference to this matter?—The detailed figures were given; that is page 130 of the 1964 transcript.

1880. They give the total passenger share as what?—We see under signalling, maintenance and renewal—under the total passenger that is a figure of £2.7m., and also in the previous column freight and parcels' share £0.4m., a total of £3.1m.

1881. Then we can find reference to this topic in the accounts for 1964 of British Railways, part II, page 30?—Yes.

1882. There the figure is at the bottom of page 30 under signalling?—Yes, signalling—and then three sub-headings: operating, maintenance and amortisation.

1883. What do you make the total of those three items in round figures?—Operating I am not comparing it with; it is the question of maintenance and amortisation. On WW 8, signal operations is a separate figure, but the maintenance is £9.6m. and the amortisation £3.6m. That gives a total of £13.2m. for the whole of British Railways.

1884. So what percentage of the whole has been charged to the area?—It would appear that £3.1m., being the area expenditure, is 23.4 per cent of the total of British Railways expenditure on signalling maintenance and amortisation.

1885. On this question, have you looked at the total route mileage in the area including lines open only to freight and the total traffic mileage in the area including lines open only to freight?—Yes.

1886. What figure do you get?—The Board gives figures that the total route mileage in the area including lines open only to freight is £704 and the total track mileage in the area including lines open only to freight is 2,471.

1887. Again can you get some figures about this from the accounts—that is British Railways' accounts for 1964, part II, page 41?—Yes, the statistics are given there.

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[Continued]

1888. What figures are shown there?—Over the whole of British Railways the total route miles were 15,991, and those open to passenger traffic 11,670. The running miles open to traffic were 44,080.

1889. So what do you consider that the charge to the area represents by way of proportion?—It is very difficult to draw accurate comparisons, but to compare route miles (which I agree is a rough measure) we have a ratio of 5,991 to 870, which is about 20 to 1; on track miles it is about 20 to 1 again.

1890. In any event do you consider that the charge to the area appears very high?—Yes, I am sure it is exceedingly high. The only inference I can draw is that there has been here an excessive amount of capital expenditure which should have appeared in the capital accounts.

1891. Is that referred to again in the 1964 accounts, part II, on page 22?—Yes.

1892. Is the figure of capital expenditure on the whole of British Railways' own signalling and telecommunications given?—Yes, at £13.3m.

1893. So is the position that you are unable to put a figure on this but there would appear to be some allowance which should be made for London in respect of this item?—I think this item of reasonable charge is a burden on London rather than a reasonable matter.

1894. Now you wish to refer to JHW 4, sheet 3. What is the purpose of this exhibit?—This exhibit was drawn up to show how much of the capital expenditure in the area has come from internal financing and by way of depreciation and this amortisation, and how much new capital has been brought in.

1895. What points do you make on this Exhibit?—The main point I would like to draw is the relatively large amount that has come from internal sources. At the bottom, from depreciation we have £3.5m. over the year 1944-65, and new capital £2m.

1896. Is this again a matter which can be illustrated by reference to the British Railways report in 1964, page 29?—Yes, paragraphs 159 and 160.

1897. These are the paragraphs which comment on the balance sheet, and you say that the capital expenditure is referred to in paragraph 159 as £10.8m.?—That is right.

1898. It does appear that £17m. came from sources other than borrowing?—Yes.

1899. Which items are they?—The proceeds of sale of land and property and of displaced capital assets, and the reduction in working capital.

1900. Then do you wish to refer to paragraph 160?—Yes.

1901. That in its last sentence refers to £2m. arising from the sale of scrap materials arising during maintenance?—Yes.

1902. On that point, the 1963 report at page 29 paragraph 140 also dealt with these topics?—Yes.

1903. That paragraph again sets out the capital expenditure during that year, and it shows of £96m., some £25m. came from sources other than borrowing?—Yes, proceeds of sale of displaced capital assets and reduction in stores stock, at £12m. and £13m. respectively.

1904. Then on page 30 we have again these references to the sales of scrap?—Yes, but the wording this time is slightly different from the previous reference, in that here the Railways Board have included with the figure of £20m. in paragraph 146 the value of the displaced assets which appeared on page 140 at £12m. So here we have a net figure of £8m.

1905. But can you find any benefit to the London area in these calculations in respect of these scrap materials?—None.

1906. And do you think there ought to be some figure for that?—I think the area should receive some benefit in this direction.

1907. Have you any figure in mind?—The only figure I can put on this is the figure that was used in these approximate allocations, of 5 per cent of the figures above—referred to before; that is the £25m. plus £1m. for 1963, and the £20m. plus £17m. for 1964. That gives a grand total of £70m. over those two years which the Board realised, and 5 per cent of that would be £3.5m.

1908. That is as near as you can get?—And there will presumably be something the Board will have managed to sell in 1965, for which I have no figures.

1909. Then under this heading of capital expenditure and interest charges do you wish to turn to the question of the allocation of the cost of rolling stock in particular with reference to the Southern Region?—Yes.

1910. This deals with capital expenditure on electric multiple unit vehicles in the years since 1963?—Yes.

1911. What has been your main purpose in preparing this?—My main purpose here was to try to verify as well as I could the items of capital expenditure which appeared in WW 4 last time, and are repeated in JHW 4 sheet 1 this time, and particularly with respect to those items where allocation of costs has occurred. This table has been approved in general terms by British Railways Board, although the totals, other than those in the published accounts, are my own figures which I have obtained from various sources.

It is the overall figure that is important. This shows the various types of rolling stock by regulation that have been built in the years 1955 to 1965. My descriptions will differ slightly from the railways' ones. Here I have used the initials SF; I think they prefer now to call those outer suburban stock; and the SD is the outer suburban diesel electric stock; and under the heading of "sub" there appears the local train stock. Basically, the items given as local or suburban stock have only second class accommodation; the remainder have first class accommodation. What I have referred to as main line stock are the through corridor items.

The proportion of the right-hand side under the heading non-area schemes, less the vehicles built since 1955 on schemes which have no connection with the area and were completed merely to enable the balance to be reached with the Board's figure in the 1964 accounts—

I am sorry; I have put it wrongly. The total, taken from 1956 to 1964 accounts, of new building—or the published account figure given to us by the Board—of 3,387 shows that we had found all the vehicles. I would mention that there were 10 motor luggage vans built for the Southern Region which, as far as I can see, explains the discrepancy between 3,377 which is my total for up to the end of 1964 and the Board's figure of 3,387.

1912. Is this illustrated by reference to JHW 4, sheet 41, where you give the totals of the Southern Region?—Yes.

1913. What are the figures to which you would like to refer on sheet 41?—I would just explain that this table is an abstract from the statement of net capital expenditure isolating the schemes of electrified services, and the board have explained to us that the figures here—the first two columns, starting at £13.7m. and £13m.—do include items which are not for rolling stock—cable and wiring. I think it is the description they give—and they have given in the last right-hand column, for the net book values for the electrical multiple units only in these schemes, £2m. for the stage one Kent Coast, £3.7m. for the Liverpool Street to Bishop's Stortford Line, £6.9m. for the London, Tilbury

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[Continued]

and Southend, £12m. for the Liverpool Street, Chelmsford and Southend. The other schemes apparently are all electrical multiple unit vehicles.

I would like to draw attention to the Southern Region schemes. Taking the Board's figure for the stage one North Kent electrification, we have a figure of £8m., and for the other schemes £9.5m.—a total of £17.5m. at the end of 1964.

1994. What, then, is your conclusion as to the proportion of the capital charge in respect of these vehicles with regard to the apportionment of capital costs of suburban and other through trains?—Turning back to my JHW 4, sheet 1, under the section London area passengers' proportion of net capital expenditure for depreciable assets at the end of 1964 we have the figure for the Kent Coast stage one electrification—the first line—of £1.4m. Going down, just half-way down the page we have rolling stock (other than that relating to schemes listed above):—electric multiple units: Southern Region £4.8m.—a total of £5.4m.

The same criticism can apply to my use here of the North Kent figure of £14m. in relating the whole of that to rolling stock, and I have allocated arbitrarily £9.4m. to the other items, giving a total area value of £6m. as the approximate net capital expenditure on electric multiple units charged to the area as opposed to the previous figure that I gave for the total of the expenditure since 1955 of £17.5m.

1915. Now do you want to turn to the other indications on JHW 4, sheet 5, with respect to the Southern Region electric multiple units, dealing with the area proportions of North Kent and other areas?—Yes. The first item, if we go back to my JHW 4, sheet 4, is we notice there are 496 local or suburban stock vehicles, and I have attempted to put an approximate estimate on that—not book value—at about £2.6m., and of that, I would accept the vast majority of the charge is directly to the area. There are train services run—I have mentioned the Charing Cross/Gravesend/Gillingham service, and there is the board's example, to Guildford.

1916. And in JHW 4, sheet 4, you show 568 vehicles, being the total of that column in respect of those years?—Yes. Taking the vehicles in the first column at 568 in total, only 36, which were built in 1964, are other than Kent main line electric corridor stock. Thirty-six are the new Brighton vehicles which have been coming into service.

1917. That leaves us with 532 vehicles?—Yes.

1918. How many of these are used on boat trains?—As far as I can gather there are 88 vehicles used on boat trains.

1918a. They are not providing an area service?—Not at all.

1919. Then have you found how many are used on the Charing Cross/Ashford service?—I believe 120 of those vehicles.

1920. Do they provide an area service?—There is an occasional one that stops in the peak hour in the area. Outside the peak hour the trains run non-stop to Ashford and provide no service. In other words, the train mileage which is providing an area service is very small indeed.

1921. Then you have looked at those providing a service for North Kent which serve the London area only at Bromley South?—Yes.

1922. How many vehicles did you find in this category?—238.

1923. Then we are left with 196 vehicles?—Yes, which are used on the central section.

1924. For Brighton and similar services?—Yes.

1925. They again provide a limited service in the area?—These vehicles are basically employed on the other through trains, and in particular the other through trains which make the fewest stops in the area (if any).

1926. Your second column deals with the Hastings main line diesel-electric trains?—That is so.

1927. They call only at Sevenoaks in the London area?—That is so, and in the evening peak there are four services which occupy four sets of 12 cars which do not call in the area at all.

1928. Then is the stock referred to in the third column of JHW 4, sheet 4, used for services from Victoria to Gillingham, Charing Cross to Dover, calling at Orpington, Sevenoaks, etc.?—Yes, they provide a number of services of the nature making a very limited number of stops in the area. The one from Dover will call at Orpington and Sevenoaks.

1929. They were used for extension of services?—With the exception of the Orpington/Sevenoaks one, we had, before the North Kent electrification, the same type of stock running to Gillingham and to both Maidstone stations.

1930. What proportion of these vehicles would you say was reasonably chargeable in respect of the London area services?—I should doubt if it exceeded one-third of the total of the HAP vehicles.

1931. Then the next column refers to the Osted diesel-electric sets of three cars?—Yes.

1932. Which, like the HAP, have first-class accommodation?—Yes.

1933. Are these on the Victoria/Osted/Lewes service?—Yes.

1934. And are they really replacement stock on another through and local service?—Yes, these have replaced steam traction in the main on that line, which is one of the non-electrified lines.

1935. Without detailed figures can you only estimate what excess charge has been made in respect of these matters to which you have just referred?—Yes.

1936. And what would you estimate, as far as you can?—I would say possibly it is £1m. or so excess capital which has been charged.

1937. Then your JHW 4 sheet 5 again was prepared, as you said, for establishing the net book values of the post-1955 EMU passenger vehicles, and this is to be compared with your next exhibit, JHW 4 sheet 6, where the net book values of those vehicles and schemes affecting the area are estimate?—That is so.

1938. The figures of the net and gross book values have been supplied to you?—Yes.

1939. What do you wish to say by way of comment on these two sheets?—The main point this brings out is that we have been told by British Railways Board that their gross book value of that EMU stock at the end of 1965 was £85.5m. We have here the value of the schemes affecting the area—a gross book value of £45.4m. So there is some £40.1m. of electrical multiple unit stock in existence but which is either not affecting the area in the schemes listed—

I am sorry; I have put my point badly. We have first of all the total book value, gross, of £85.5m. We know

the value of all the post-1955 rolling stock, from JHW 4 sheet 5, at £46.5m. So the difference between those figures—about £36.6m.—is the value of the pre-1955 electrical multiple unit vehicles in existence, and this reinforces my view when I discussed previously the depreciation of the pre-1955 assets in the area that there is more in it than the 48 to 55 vehicles that I listed on JHW 2 sheet 1.

(Adjourned for a short time)

1942. (Mr. Mercer): Before lunch we were going to consider the question of capital expenditure and interest charges, and at this point I believe you wished to say something concerning the Railways Board's activities concerning their subsidiary operations and what happens with respect to capital sums and the selling off of assets having regard to the evidence which has been given so far in this inquiry? I think you were going to give us an example if Waterloo Station was sold and a new station put up at Vauxhall?—I have read Mr. Winchester's remarks on the question of non-operational land and similar topics earlier, and it struck me that my extrapolation of his remarks would be that if Waterloo Station was sold and a new one built at say, Vauxhall the area would get no benefit from the sale, all they would get would be that in due course the cost of building a new station would appear on the statement of net capital expenditure on which the interest charges of the area are based.

1943. Do you think this approach is fair to London area passengers?—This may be an extreme example, but I think basically the whole approach of the Railways Board on its capital structure is not equitable.

1944. What approaches do you think would be proper?—I would like to go back a little on that to the 1962 Act. This affected British Railways in two ways: firstly, it wrote off the accumulated deficit, some £700,000,000 plus interest charges which London Area passengers did not meet but they had made a contribution to the deficit; secondly, they placed the net book values of the pre-1955 assets in a suspended debt account. What I think must be considered is whether it was intended that the benefit of this re-arrangement should basically be to the benefit of one part of British Railway outside the London Area or whether the advantage should be more evenly spread.

1945. How do you suggest this could have been done?—Well, it could have been done by taking the interest charges of British Railways in 1962 and the beginning of 1963 and spreading that interest over the whole of the book value of their assets, not just putting those in at the current rates. Alternatively, a proportion of the interest charges could have been allocated to the subsidiary activities which are profit-making, based on the market value of the activities until such time as they are sold off. In fact, some of them are already being sold off and the money accruing from this is all going to the non-Area portion of British Railways.

1946. Have you attempted in your Exhibits 12 to 16 to deal with the second of the proposed methods to which you have referred?—I would like to come to that in a moment, if I may, but I have previous to that listed some of the activities and assets to which I have referred. The first sheet I would refer to is JHW 4, sheet 7. This is an extract from a magazine "Modern Railways," dated December 1963, which has been shown to the Railways Board and Mr. Winchester in his evidence said that this was an extract from one of their own publicity hand-outs.

1947. He did not agree with the last note, did he?—No. This is a matter of operational consideration. I know that the Associations on the Eastern Region are very anxious about the overcrowding at Liverpool Street station and it was hoped that we might have made a broad street, but apparently this is not British Railways Board policy. Coming to this list, we have in the first part of the table some of the sites which have been sold since 1962. Some like the first one, Little Ilford closed marshalling yard, 10 acres of land, probably have very little to do with passenger traffic, but when we come to the next one, Cufford sports ground and allotment, 10 acres, this definitely would be used, I should imagine, by a considerable number of the staff who are engaged in passenger operations. The same applies to the next item, Rayatts Park sports ground of 17

1940. That is as far as you take that point in the absence of any other information?—Yes.

1943. Then did you want to deal with the question of capital reconstruction generally and the interpretation of British Railways in respect of this matter as far as it affects the London Area?—Yes.

acres. We thus have the Paislow motor pool depot which was sold, and I imagine again we had locomotives serviced and stabled for use on area trains. Then Mill Hill, part of Edgware branch 2 acres, again that is passenger operation. Then the next two items Smithfield goods depot and Kenilworth steam depot and engineers' house, again locomotives would have been serviced there which operated area passenger train services. The next item, Bow former North London Railway loco works, that would have held passenger locomotives for services in the past. Enfield, land acquired by Great Eastern Railway for development alongside Cambridge main line; partly waste land. It is all part of the general concept of a railway operating as one entity. If we go to the second list we have another series of items which are not wholly goods. There is the New Cross Goldsmiths College, and I imagine a few railwaymen operating the passenger service might go there, but it is certainly not wholly a goods item. There is a reference to land over railway adjoining Kensington Olympia, again that is mostly a passenger line. Then over railway east of Putney station, again all land over passenger tracks. The next one is Bow (closed) passenger station including former North London Railway headquarters, again a very high passenger element. Then another sports ground at Sudbury and Harrow Road. Then the Eastern Region Stratford loco works, again locomotives have been serviced there in the past.

1948. You think these all have some passenger connotations?—They all have some in varying proportions.

1949. They are relevant to a consideration of income in the London Transport area?—Yes. My next exhibit, which is sheet 8 of JHW 4, deals with a slightly different aspect. This is a list of hotels taken from the 1963 Western Region time-table, page 261. Again this list has been agreed. Since that list was prepared in 1964 the Queens Hotel, Birmingham, with 148 or thereabouts bedrooms, classified by the A.A. as a four-star hotel and I understand is the main part of Birmingham, on very valuable land, has been sold. Also a smaller hotel in Dornock in Scotland with 85 bedrooms, again a four-star hotel, has been sold. At the bottom of the page there is an extract from British Railways' Accounts showing the net book value of the hotels and the equipment therein, and they are shown as earning 131 per cent of the net book values.

1950. You think these are all relevant to this question of the London contribution?—Yes.

1951. Which is your next Exhibit?—My next Exhibit is JHW 4, sheet 9, which sets out with considerable references the net book value and gross book value for the operation of British Railways ships. You see the gross book value of ships and their operational buildings of £38m., and the working surplus in 1964 was £5m. The next Exhibit is on the same sheet, and that is the same thing for British Railways' harbours. The net book value is £7m. and the working surplus in 1964 was £206,000, and the return on the net book value was 5.25 per cent.

1952. Sheet 11 has been dealt with, has it?—Sheet 11 we have referred to previously.

1953. Then we come to sheets 12 to 16?—Yes.

1954. Your sheet 12 deals with the capital structure and that follows on from the other sheets. Is there anything you want to say about that?—I think I would like to go through it in a little detail, starting with sheet 12, starting right at the beginning of this.

The interpretation of British Railways' capital reconstruction under the 1962 Act as used by them as a basis for calculating interest charges in the London area is

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[Continued]

considered inequitable. This method of calculation makes no allowance for the reserve created and being realised by British Railways in surplus property, scrap and excess spares earned. The allocation of the capital represented by the investment in savings bank, superannuation and retirement funds takes no account of the requirements of the remainder of British Railways for financing outstanding traffic accounts, other debtors, stores and materials—which do not arise in the London area. The B.R.B. has several remunerative subsidiary activities which at least in theory could be sold off at an appreciably higher figure than their net book value, the proceeds being used to reduce the capital debt. The Board owes interests in other transport undertakings with a value in the accounts of £2.9m. At the beginning of 1963 the Board had interest bearing liabilities of: staff savings bank deposits £42.9m.; staff superannuation funds £137.5m.; retirement benefits £112m., making a total of interest bearing liabilities of £149.5m. The interest charges in 1963 were £59.2m., and the total charged to capital account was £1.8m., giving £58.4m. as being the interest charge on the initial interest bearing liabilities, giving an average interest charge of 5.056 per cent.

The 1962 Act is vague as to what assets the capital liability of deposits, etc. amounting to £282.4m. applies, or if indeed they apply to fixed assets rather than working capital. To try to establish a reasonable pattern a statement of capital employed has been drawn up and is given below. This discounts the suspended debt and shows the position at the beginning of 1963 for British Railways as a whole, but for the area the figures have been based on WW 4 of 1963 which probably over-estimates the area post-1955 expenditure. I should explain that the capital employed for the London area has had the asset value based on WW 4 of 1963 and it is probably firm. high. The value of stores has been projected from the 1964 British Railways figure of £63.3m. in the ratio of the area post-1955 assets to British Railways' post-1955 assets of £857.1m. This was done to take account of the reduction which has taken place in stores.

I do not think I need go through the table particularly, except to mention that in the first line nothing as a London area proportion has been allowed for balance and cash, because the area is basically a cash and carry business; I have not heard of many passengers travelling on credit. The same thing applies of course to outstanding traffic accounts. Again other debtors and payments in advance does not apply for the London area passengers. The question of stores and materials I have mentioned.

1953. That is some £4m. ?—That is shown as £4m. That is taken from WW 4 of 1963, £53.4m. Interest in other undertakings is a figure of £2.9m. for all British Railways and nothing for London. We then come to "Less creditors and accrued expenses" which are the unpaid debts run up by British Railways in the course of trading, and there we have taken 5 per cent of £60.3m. because we consider that the prepayment of season tickets itself gives the area £1.3m., so we reduce the £61.6m. by £1.3m. so give us the £60.3m. and take 5 per cent thereof.

1957. Then you take 5.056 per cent of this £53.1m.—Yes. This is the normal allocation that has been generally used in the past.

1958. That gives you £2.68m. ?—Yes. What we have done is to take a figure of £1,018m., and we have deducted the creditors to bring us to a figure of £956.6m. for the whole of British Railways and £53.1m. for the London area, which leaves us with an unallocated balance of interest bearing debts of £92.9m. The £1,049.5m. is the same figure as appears on sheet 12, that is the whole of the interest bearing debt. The area interest charge is then reckoned as being £53.1m., the charge at 5 per cent coming to £2.68m.

We now have the problem of what should the £92.9m. of unallocated capital be set against, or, as I put it here, what proportion of the unallocated interest charges should be allocated to the area. On British Railways' 5 per cent basis this would amount to £9.6m. attracting interest charges of £0.49m., producing total interest charges of £3.17m. for 1963 and 1964 compared with £3.8m. charged

in 1964 according to the 1963 hearing. It is felt that this approach would be unfair to the area because the following subsidiary activities of British Railways are really independent of rail operation and could in theory be sold: ships, making a profit in 1963 of £4.7m.; harbours, making a profit of £0.2m.; and hauls, making a profit of £0.9m. I then set out the book values, gross and net, of these assets, which total gross £49.8m. and net £35.5m.

We thus have for these subsidiary activities an income of £5.8m. against book values of £49.8m. gross and £35.5m. net, to which must be added in consideration of their value, the present land values. This will be very considerable in the case of the hotels, as they are frequently centrally situated in major towns and cities. In view of the potential development value of these subsidiary activities, it is felt that their market value should be on a 5 per cent basis which would give a value of £9.6m., being 20 times £5.8m. This could well be an under estimate, because in 1964 the income had risen to £6.5m. It is suggested that a figure of, say, £12m. should be set against the unallocated balance on the previous page before arriving at the area proportion. In the absence of any better evidence, the balance of £72.9m. will be allocated to the area on the basis of the British Railways' 5 per cent, giving a figure of £3.6m. of capital, which at 5.056 per cent would attract interest charges of £0.18m., bringing the total area interest charge to £2.86m.

This approach means that the remaining subsidiary activity of British Railways Board—the letting of sites and buildings not in operational use—has been included in the proportion of the unallocated balance of assets charged to the area. This has been done as it is felt that this is not a truly subsidiary activity but is closely involved with the railway operation. Indeed, with the changing activity of the Railways there are transfers of land and buildings from operational use to non-operational use for letting and sale. Retaining this part of the British Railways Board's operation with the railways, and taking the capital and income into account, puts the area on a par with the London Transport Board, whose 1964 accounts (at page 37) reveal: other receipts, commercial advertising £1,503,189; letting of sites, shops, etc. £217,000; letting of surplus properties, £947,000, a grand total of £2,468,253. These receipts are about 2½ per cent of the London Transport revenue.

Historically it may be pertinent to mention that some of the London Transport lines are old Railway Company lines and, as such, had local sidings for goods. The revenue from these where let or the capital where sold produces money for London Transport's account which helps to meet the passenger charges.

I would now like to come to sheet 16 which, insofar as it goes, takes the interest charge I have mentioned previously of £2.86m. for 1964. I have then added on the increase in capital each year of £1.2m. for 1964 and £4.8m. for 1965. Then I have taken a proportion of the increase in deposits and provisions for superannuation and I have taken the additional new capital at 5.58 per cent to arrive at the interest charge for 1965. A similar thing was done to bring in the future year 1966. There is one omission in this which I have not put right, but it will be a very small one, and that is that since this table was prepared I have received from the Board some detail, but not sufficiently full detail with dates, of the increases in the rates of interest charged, which have gone up to about 6.78 per cent, speaking from memory. That, I would say at the moment, would increase the interest charges by about £0.03m.

1959. Therefore, do you say the figures in your sheet 16 are not materially altered ?—Not significantly altered. I have rounded that to £3.3m., which is £0.7m. less than the figure the Board are claiming this time.

1960. If we consider the doctrine of assimilation, does that come into point in this exercise ?—I think it does very much. We have for many years heard the principle of assimilation of fares put forward, and I would suggest to the Tribunal that if one is to assimilate fares one must take organisations which are of a similar nature with

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[Continued]

similar types of revenue brought into account. As I have previously said, the London Transport account brings in commercial advertising and the letting of sites, shops, etc., which British Railways could bring in as far as they are on railway stations, and they could bring in the letting of surplus property also, which is quite a substantial amount. If I could put it as a principle, I think, if we are to have assimilation of fares we should have a reciprocal assimilation of incomes.

1961. Do you, having dealt with the accounts, desire to give some evidence in conclusion about some matters of policy as far as your Committee has considered them, and do you first wish to say something about this question of the reduction in season tickets?—Yes.

1962. Are you considering it from the point of view of policy and retaining traffic?—Yes. The reduction in concessions in educational and residential season ticket will, as British Railways themselves admit, meet with considerable customer resistance, and many of these young people, I think, will change over to other forms of transport, such as the motor car where they can share the expense. Once this traffic is lost the habit of using the railway will go and the traffic will be lost, possibly for ever. If the younger generation is not hardened to the rigours of railway travel at an early age, they will never become used to it. At a time when road congestion is causing public concern and a need for enormous expenditure on roads, surely it is in the public interest to do everything possible to keep people off the road and, if possible, keep the custom by attracting more people.

1963. Before we leave this topic, Mr. Whittaker, you may remember it has been put that what one part of the fare-paying passengers do not pay another part has to pay. In other words, if young people do not pay, the adults will have to. Have you heard any comments among the older people in respect of this matter? Has it been a matter of public debate?—We have considered this matter, and the main feeling is that all of us at some time or other have received benefit from educational season tickets and now we are having to pay a small contribution towards what we had before. In other words, one section of the railway and Underground using public are repaying the subsidy they received when they were young themselves.

1964. The next matter you wish to speak about is the question of charging, is it not?—That is so, yes. It is a welcome thing that British Railways have not suggested in this proposed Fares Order that they should adopt a policy which they have done elsewhere on their system of rounding single fares up to the nearest 3d. It seems a great pity they have not adopted a system of half-mile charging to make their services more attractive and induce people to take out season tickets. I suggest that the Tribunal should consider restoring the half-mile stage to help to make the railways attractive and more competitive with the bus. At this point I would point out that 3½d. a mile does work out at almost exactly 2d. a kilometer, and turning to the journeys over one mile the increments in distance would be in penny stages. We have a position where the scales at stations to weigh luggage have to satisfy stringent accuracy requirements, and I notice an Underground timetable gives the distance to 0.01 of a mile, a matter of 176 yards; but when we get to fares we have an absolute contrast and charges are worked out to the nearest mile. British Railways would serve their own interests better if they did everything in their power to make rail travel as cheap as possible and, even more, to let it be known that

it is cheap. Their sudden reference to a single fare of 3½d. a mile when their average is of the order of 2d. to 2½d. creates the wrong public image.

1965. Have you worked out something about the average journeys on this point?—Based on AD 6 of 1964 I have made an estimate that the average journey at ordinary fares and day returns is about 10½ miles. For a 10-mile journey, according to AD 2 of 1966, the single fare will be 2s. 9d. The loss of revenue if half-mile stages were introduced would be 2d. if the journey dropped from 10 miles to 9½—that is if every passenger's journey dropped. If half the passengers dropped the loss would only be 1d., and 1d. on 2s. 9d. is roughly 3 per cent. So the cost of introducing the half-mile stages, I estimate, would be of the order of 3 per cent of the £22.6m. given in JP 5 as the total future revenue on ordinary and cheap day fares, and 3 per cent of £22.6m. is £0.7m.

1966. What about season tickets?—Turning to season tickets, the average journey (from the same source as I mentioned before) appears to be 16 miles, for which the season ticket would cost 26 s. 0d., and for 15 miles it would cost 25 s. 0d. If all the passengers only travelled 15½ miles, as we have a 6s. 0d. difference between these two fares and if they all went to the half-mile, the Railways Board would lose 3s. 0d., but on an average the Board would lose 1s. 6d., which is approximately 1.2 per cent of the 26 s. 0d.; and taking 1.2 per cent of the total from season tickets of £19.6m., I estimate to introduce half-mile stages on season tickets would cost approximately £0.24m.

1967. If you add the £0.7m. from your ordinarys and the £0.2m. from the seasons, you get a total cost of approximately £0.9m.?—Yes.

1968. I suppose you are saying that if your views were adopted in respect of other matters they could easily afford to pay £0.9m.?—That is so. I would just like to go back, if I may, because I think I skirted a little bit over one point on the question of land not in operational use. I think Mr. Winchester in his evidence said that the Railways gave no credit to the area for the letting of railway arches. Well, they are underneath passenger railway lines. If I remember his wording, he said it was considered to be non-operational land if it did not have access to the station. I would suggest that if there was no railway and no passengers on it there would be no arches to let, and, therefore, the area passengers should have their due proportion of that revenue. The same thing applies when we discussed advertising, that advertising is only brought in on stations; but there is advertising besides railway lines, on bridges, and in other places and, again, I suggest that should be brought in. Again on the letting of shops, there are several stations where there are shops built over the railway line: there is Putney, Bromley, Wembley and that sort of place. I think, again, this is basically a question where you cannot split the Railway up to the fine limits which British Railways have tried to do. Again, I think that reinforces my argument that the London passenger of British Railways should be treated in a similar manner to those on the Underground, where they get the benefit of these other things. I would suggest, for lack of better evidence, that the revenue credit to the area in this respect could be of a similar order to the £547,000 shown for London Transport letting of surplus properties.

1969. Is there any other matter you wish to go through?—No, I think that is all.

Cross-examined by Mr. Fay

1970. Mr. Whittaker, you observe, I expect, that the yield expected from the 1d. is not dissimilar in size from the yield expected from abolishing the concession to gainfully employed teenagers; the one is £380,000 and the other is £400,000 net. Have you observed that?—Yes.

1971. If the Tribunal were so impressed by your arguments on the financial side that they thought British Railways could do without £400,000 or thereabouts of that which is proposed, are you saying that your members would prefer to pay the 1d. rather than that the concession to gainfully employed teenagers should be

abolished?—I do not think that is a matter on which the Committee have expressed an opinion, and it is rather a matter which it leaves to the jurisdiction of the Tribunal.

1972. A matter which what?—A matter which it leaves to the decision of the Tribunal.

1973. That is your answer, is it?—Yes, you think that is a fair and full answer on behalf of the Association?—Yes.

1974. Very well, I will pass on; I am satisfied with that. You said something later in your financial evidence

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[Continued]

about the docks, the hotels, the ships and the let-out surplus lands and their revenues and capital values. You appreciate I dare say, do you not, that back in 1948 the nation bought the undertakings of the previous Railway Companies?—Yes.

1975. And that investment has not proved very profitable for the State, has it?—I have not got the full figures of that before me.

1976. So far as British Railways Board is concerned, did you hear me say in opening this case that the deficit is about £1m. a week?—I did.

1977. You do not call that satisfactory to the owners, namely the people of this country, do you? I thought you might, perhaps not find that difficult to answer.—Well, it is not a resounding success.

1978. You appreciate I dare say—in fact obviously you do—and among the enterprises which were bought by the State and now run by the British Railways Board were some which are viable, profitable?—Yes.

1979. And some which are not.—Yes, I appreciate that.

1980. You point to ships and docks and hotels as paying their way and you get at some figures—and I am not going to discuss the figures with you—for their surpluses or profits. Of course the surplus lands are let and are profitable to that extent, but other parts of the enterprise are not. The freight undertakings of British Railways are clearly unprofitable; you would accept that would you not?—I have not the figures to comment on the viability of freight operations.

1981. It is clear the £1m. a week deficit originates somewhere, is it not?—But where your accounts do not disclose.

1982. You accept that it arises somewhere, do you?—Yes.

1983. You will make that concession to commonsense, will you?—Yes, I do.

1984. In those circumstances, your claim is that the London operations which we are costing should have the benefit of those parts of the whole of British Railways which make a profit, such as the ships, the let-out of properties, the docks, and so on. That is your point, is it not?—I take the view that the Railways could well sell those operations. They are not the main part of British Railways; they are not an integral part of their operations, and in putting to them some portion of the interest charges that British Railways as a whole have to pay that fact and the appreciation in land values should be taken into account.

1985. That is a matter of high policy in the State ownership of such things as docks and hotels, is it?—My evidence is that some of these assets are already being sold and I mentioned two hotels. It is only a small amount and only a slice of a realisation of land which in one year, I think, came to £4m. This is reducing the capital charges of a part of the system whereas the Act applied to the whole.

1986. You did, I think, say that you wanted assimilation with the approach of London Transport in the matter of surplus lands?—Yes.

1987. That is not a question of selling, that is a question of taking in income, is it not?—Yes.

1988. You are suggesting that the income of the surplus lands should be taken in when considering the finances of London Area, are you not?—Yes. I cannot see how you could have arches or shops over lines if there were no passenger trains running.

1989. Tell me, if you are going to take in, in considering the finances of British Railways, these income-producing activities, would you be prepared to take in also the loss-making activities of British Railways?—Within the area, if their costs are not allocated.

1990. Is it only the ships within the area of London that you are concerned with in your tables?—You have not said what operating activities you are referring to.

1991. Are you trying to help the Tribunal?—Yes, but I do not follow the line of your question; it is too general.

1992. You are seeking to give the London passenger operations which we are costing the benefit of either the capital or the income of certain other of the enterprises owned by British Railways Board?—The one I am thinking of particularly is the letting of land in the London area not in operational use.

1993. I shall deal with that in a minute. Are you abandoning all you have said about the ships and docks?—I am saying they should bear a proper proportion of the interest charges. I have not produced any of their income to London, and I think I have gone through the subsidiary activities you list in your accounts.

1994. I thought you wanted to sell the hotels; is it only the hotels in London you want to sell?—No.

1995. And you want to bring in the capital in diminution of the interest charges?—I think either a proportion should be brought in overall as they are sold—if we sold the Charing Cross Hotel in London we should do very nicely.

1996. Whoever bought it might do very nicely, just as British Railways are doing very nicely.—I am talking of the capital account.

1997. Let us come to what you want to emphasise: the railway application and other surplus land. You no doubt appreciate—you do, obviously—that when the present Act was passed Parliament found it necessary to suspend the interest charges on the greater part of the capital of British Railways?—Yes.

1998. And of course it is that part of the capital upon which the interest charges are suspended that bought all these assets which are now the surplus land let out, is it not? (No answer.)

1999. You are not suggesting the railways have been buying surplus land since 1926, are you?—No, but I do know of one case where surplus land is being created: at Orpington, or more correctly between Bickley and Petts Wood, where new lines were built, and there is an old section of line, and the line became available and is now occupied in part by a factory.

2000. And it had been built by capital supplied in past decades, and now the owners get no interest on their capital; that is right?—But the area has been burdened with the capital which was involved in the work.

2001. Do you not think the owners, namely the public, might get the benefit to set off against the weekly deficit—the vast annual deficit—of these more lucrative parts of the undertaking such as ships, docks and hotels, instead of the London passengers?—I think that is a matter that the Transport Act has left vague and I cannot decide what Parliament intended.

2002. That is a disability which is sometimes shared by others in the courts! Let us come to something more concrete. Yesterday your first point was the position created by those passengers from, say, Hither Green who took a ticket to the coast, changing at Sevenoaks?—Yes.

2003. Through passengers on a wholly local train who would change at a junction?—Yes.

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[Continued]

2004. They are not London area passengers as defined, are they?—No.

2005. So the receipts from them are not what is being asked in Mr. Winchester's exercise?—Correct.

2006. You wanted some credit for the money paid by those persons for their fares?—Yes.

2007. You have got a point here, but you have got it the wrong way round; it is not a revenue point but an expense point.—It does not matter to me which side of the sum you take it off; the answer is the same.

2008. The true exercise is to find out how much of the cost of running the train from London to Sevenoaks is attributable to people not paying London area fares, such as your traveller from Hither Green to Hastings?—That is the principle of the problem, yes.

2009. Let me tell you the view which will be put forward by Mr. Winchester (whom I shall have to recall on this): that the amount is trifling—and you have your point, as a point of principle, and I accept it.—There is one that I might one particularly on this, and it is from Sevenoaks in the morning there are two trains that leave at 8.09 and 8.16; shortly before those trains depart, at 8.01 and 8.16 there are two trains which have come up from the coast; the 8.01 is a fast train, non-stop to Waterloo and Cannon Street, and the 8.09 provides a connection to Cannon Street; it is a fast train, commencing its journey at Sevenoaks, stopping only at London Bridge and Cannon Street—and there are some 250-odd passengers who get off the 8.01 and get on the 8.09, which is a wholly area train. The 8.16 goes to Cannon Street, calling at the local stations to Orpington and then fast to London Bridge and Cannon Street. The 8.16 Hastings train, which is fast to Cannon Street, is very overcrowded when it arrives, and a large number of people get out of the train to get seats.

The total number I estimate (this is based on a survey carried out at Sevenoaks a year or two ago by the local season ticket holders' association) is some 350 passengers, and if one expresses this in terms of revenue again it comes to £15,000, and I would say that the difference between revenue and expenses in the area is relatively small, so presumably the costs express this in the right proportions.

2010. Your next point was parcels. Were you present at the last inquiry in November 1964?—Not for the whole hearing.

2011. Have you read the transcript?—I have.

2012. Do you remember Mr. Goff's raising this question on behalf of the London County Council with Mr. Winchester?—Yes.

2013. Do you remember Mr. Winchester's making further researches and coming back at a later stage in the hearing and giving further evidence?—I have read it, but I do not recall it in detail.

2014. Mr. Goff then abandoned the point, and it was not after that referred to. The explanation is page 73, questions 1697 and 1698: I refer you to it. The conclusion of Mr. Winchester then was that the credit which London might claim for carrying parcels in guards' vans was negligible and could be ignored. You probably know also that the Tribunal had dealt with it once before, some years ago?—I have looked at it in this light, and I feel there is something here. We are faced in London particularly with a major commuting problem. There is a considerable amount of traffic in these vans, I see, on occasions, particularly mails coming in on certain trains; I have seen mails going out in the morning from London Bridge on the passenger trains, as opposed to parcels trains. The facility is made use of by British Railways Board, and taking the figures I did refer to previously from the 1962 accounts of British Railways for the Southern Region (and it has been generally accepted as being a typical

operation) I found that for the Southern Region, the revenue from parcels and postal was £7,200,000; the non-coaching miles were 1,600,000, the receipts per train mile—

2015. Have you not said all this in chief?—This is what I referred to but in more detail.

2016. Please don't take it that I am asking for detail—but if you think it completes your answer I shall not stop you.—Thank you. The money received then was £4.29 per mile; if one takes the cost of train movement at that time as being 61 per mile, this would still leave £5.6m. that was being earned by parcels and mails on passenger services, or 21 per cent of the Southern Region revenue, and I am suggesting that the order of this is 5 per cent of the somewhat lower usage on suburban trains.

2017. You have finished now, have you?—Yes.

2018. Concomitant tickets to London staff as one of their terms of employment involves clearance between London Transport and British Railways; you mentioned that. I do not recollect your counsel's putting to Mr. Winchester how much there was in this, but I should tell you that of the £2,970,000 clearance which is shown on JP 5, it is thought that less than £10,000 is represented by this item.—Might I ask for clarification on that?

2019. I shall clarify it. This is the reduced rate ticket—I think quarter rate—which therefore involves money passing. You have a separate point on the free travel, I think, but would you accept it that as far as the reduced rate concession to employees is concerned, if there is a clearance of only £10,000 in it we need not worry about it further?—Is that the net clearance or the total clearance?

2020. That is the net figure—that is the amount to be taken out of the figure in JP 5 for clearance.—Is that the amount British Railways are debited by London Transport?

(Mr. Fay): No, it is the net—the balance.

(Mr. Mercer): I did ask a question about this and I was told there could be given only a balance figure at the time.

2021. (Mr. Fay): It is now thought to be of the order of £10,000. (To the witness): I am not quite clear how you deal with the free travel. This is given as one of the terms of employment to railway servants, is it not?—Yes.

2022. They do not run trains or provide accommodation especially for their servants to enjoy free travel on, do they?—No.

2023. And if British Railways, as they do in the provinces, shut down a railway line to passengers, the railwayman loses the privilege of travelling free, or cheaply, on that line?—Yes.

2024. This is something you can take into account in costing?—Taking the view that the operations of British Railways, other than those wholly connected with the area passengers, are those of a separate organisation, I think it is something that can be taken into account, and the figure I gave of approximately £250,000 is the figure, I believe, that British Railways pay to London Transport, or the equivalent of what it would be if it were charged as fair basis.

2025. I see: if the railway servants did not get this privilege and had to pay, and if, having to pay, they made the journeys, there would be this sum, and therefore you think that sum should be taken into account.—I would put it this way: if British Railways had no personnel travelling over London Transport and if you had London Transport staff travelling over British Railways, would you charge London Transport the full cost of travelling over British Railways?

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[Continued]

2026. You have made that point more than once. Let me press on, as we are behind time. You did make the point that during last year the unavailability of trains on the south-eastern section of the Southern Region was a source of embarrassment and had depressed or discouraged travel. Does that mean you appreciate the reasons why, contrary to expectation, the receipts in fact were down in the London area?—I would imagine qualitatively that is a significant factor.

2027. Would you therefore, judging by what you said this morning, adhere to the view expressed by Mr. Pentney, that this year an upward trend may be expected?—I think that could well occur.

2028. Now may I come to one of your tables; I am not going to look at them all, but you have made some observations on JHW1, sheet 1 which seem to those instructing me to be based on a misapprehension. You took the movement expenses for loaded train mile and then you applied 80 per cent to it for the purpose of one of your arguments, did you not?—Yes, to the suburban through, I said if that cost is the allocated cost on a passenger mile basis, that must represent 80 per cent of the total movement cost.

2029. But the 80 per cent calculation had already been done before these figures reached you; so you have done double entry book-keeping?—No. You are saying that if we had 100 passengers on the train of which 80 were taking the suburban through—80 per cent were area passengers—the area proportion would be 0.46.

2030. I am not sure I am saying that. Take your first table, which is loaded train miles; that is the loaded train miles after applying the passenger journey proportion. Did you not appreciate that?—I did not appreciate that because owing to the timetable changes I have not been able to analyse the figures at this time in detail; but I did do the exercise for WW 6 last time for the Western Region, and the mileage then, according to the timetable, came very closely to the totals that were given.

2031. You are saying you do not accept what I am putting to you; I am going to recall Mr. Winchester. This is a table which was derived as an Exhibit last time from documents supplied to the London County Council at the past and discussed with Mr. Hill, their expert, and perhaps the heading should be more informative for the lay reader. But if I am right (and you will hear the evidence) it would be reasonable to take a second 80 per cent, would it not?—I would agree, but I think that is not the extent, from the table, or from the table WW 6 last time.

2032. Then in JHW 1, sheet 2 you call attention to the discrepancy between the percentage increase in costs of the different revenue. What is the object of your giving this evidence?—My principle object in this question on the second table here, is that with the redistribution, or fresh system of allocating the costs of suburban through trains, I would not have expected the costs of the suburban through trains to have gone up as much as the other two in general terms. But your explanation, which Mr. Winchester will give in evidence, will lead me to reconsider the whole matter.

2033. As far as the plain difference is concerned, you would not expect the different regions to have the same operating characteristics?—I would have expected the movement cost increases to have been similar because the labour content of the train movements is similar. There will be some changes due to forms of traction, but these are small.

2034. Did you hear Mr. Winchester's offering to your counsel an explanation of these differences, which offer was not accepted?—I missed that point.

2035. I may have to recall him on that. You do appreciate that the Eastern Region was the first post-war electrification?—That has now been modified to the more modern high-voltage system.

2036. It was the first post-war electrification, was it not?—Yes, on that region.

2037. And your researches into the depreciation aspect will have shown you that the stock bought just after the war—electrical multiple unit stock—is approaching the end of its life?—It has still about six or seven years to go, I would say, on a 25 year basis, from 1945 or 1946.

2038. I thought you said it was a 20 year basis for electrical multiple unit stock?—Paragraph 20 of the notes on accounts for 1963, page 14, says: Coaching vehicles: Diesel-mechanical multiple units, Pullmans and other luxury trains 20 years; other coaching vehicles 25 years.

2039. It is diesel which are 20. Whether they are within five years or only one year of the end of their life, you would expect, as the stock get older, maintenance to become more expensive?—That could well happen.

2040. I shall have to recall Mr. Winchester if you attach any importance to this table. You have a point that the payments made to London Transport, if they are costed out among the various elements of London Transport expenses, of course include administration. That is your point, is it not—and you say that having taken what is paid to London Transport as one of the costs, British Railways' administration is added as a plain percentage, and so administration is charged twice over; is that a fair way of putting your point?—Yes, I would just amplify that. I am saying that your own administration charges include departmental administration charges, which are included in the London Transport figures.

2041. Departmental as opposed to what?—More general overheads. The way I tried to bring this out was that in the British Transport Commission days you had the administration charge broken up between various headings in the accounts that I referred to.

2042. I see the point, but coming to the question of double charge for administration, which you suggest there is, surely there can be no fairer way of attributing administration to the London passengers than by a percentage method?—I do not dispute that. What I say is that as the R.M.U. stock for London Transport is divided as a package deal, that should be excluded from the percentage addition which is based on the working costs of a region.

2043. If you follow that through, you cut down the costs considerably upon which administration is to be applied as a percentage, because everything which is bought includes the administration of the seller.

2044. Not only capital goods but consumable goods; the bill for electricity, if you costed it, would include the Central Electricity Generating Board's administration; do you want to cut that out too?—No, this is a package service provided to you; I do not take the parallel.

2045. We buy electricity in a package, do we not?—Yes, but it is not part of your normal service operation.

2046. It is something which has to be bought as a consumable item, like the buying of the service of the London Transport trains. What is the essential difference?—That your 11 per cent administration charge covers some of the items that are being done by London Transport, and you are putting your 11 per cent on that; but your 11 per cent is put on to cover the same sort of parallel charge in your own organisation, although London Transport have already done that for you.

2047. It depends on how much administration is involved in administering the service from the British Railways end. Are you saying it is so large a proportion that one can say this can be hired off and dealt with separately?—I would take one particular item: we have included an item in the estimate in JHW1, sheet 2, of administration for maintenance of £280,000 per annum; presumably you do not undertake any maintenance of the London Transport stock, but you maintain your own stock?

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[Continued]

2048. That is so.—But your charge for the 11 per cent on the overall figure includes your administration for maintenance.

2049. But the object of the percentage is to find a ratio between administration on the one hand and the overall expenses on the other?—Yes.

2050. And some items of endeavour require little or no administration which others require a lot, and one is taking the broad average?—You are taking the broad average of the Southern Region. The mileage of the electric multiple units from the London Transport that run over the Southern Region line is very small—a very small proportion of the total mileage over the system. So the item gets lost when you consider the Southern Region as a whole, but it becomes a significant proportion when you take the London area.

2051. I shall pursue this further in my final speech. Then you have a point about season tickets in advance which provide some working capital. If they were not paid for in advance of course the working capital would have to be got from somewhere else, would it not?—Yes.

2052. It would have to be borrowed and interest would have to be paid on it?—Yes.

2053. So the element of season tickets' being paid for in advance already appears in Mr. Winchester's costings, because there is nothing in his interest calculation for working capital's being borrowed?—I would have thought the amount of working capital you required would be very small on a cash and carry business as opposed to the creditors' balancing the accounts for other items.

2054. I thought you were applying it as working capital?—I was using it to reduce the amount of interest charges by saying that that amount is available each year.

2055. Of course the amount of the revenue is in fact, as a gross amount, less by reason of this interest element because of the discount's increasing with the longer term season ticket?—This is a matter on the other side of the account and not the revenue.

2056. I know it is, but the element you raise is taken fully into account, I suggest.—No, I do not take this at all.

2057. You say there should be some relief to the expenditure side on account of this element?—Yes.

2058. I suggest to you that the balance between expenditure and gross revenue would be just the same, because the gross revenue is decreased now by this element of payment in advance.—Could you rephrase the question?

2059. Yes. The man who buys his ticket a month in advance has to pay less than the man who buys the weekly ticket?—Yes.

2060. And if he pays a quarter in advance, he pays still less?—Yes.

2061. There is your interest element.—That is a saving to the passenger? I am referring to a saving to the Board on the cost side. You are mixing up revenue and cost.

2062. A plus on one side is the same as a minus on the other side of the account?—It depends to whom.

2063. If the passenger pays less to the Board, the Board gets paid less by the passenger?—Season ticket rates are fixed—revenue is fixed.

2064. Yes.—To put it another way, if you had an organization where all your revenue came from ordinary tickets, you would need more capital without any change in revenue. That would increase the interest charges. I am putting it the other way, that the interest charges should be reduced because you get the money in advance.

2065. I think we are at one on the first part of what you say; that is the point I was putting to you.—I am sorry; I did not follow it so quickly.

2066. Then on JHW 4 you were referring to the amortization charge and contrasting it in your evidence with the renewal of ways and structures, and it was in that connection that you said there was what you called double entry book-keeping, which I take to mean duplication of charge?—I think I said: in the lack of any explanation.

2067. I want to know what you say has been duplicated and what your point is.—You are now on sheet 2 of JHW 4?

2068. Neither I nor those behind me understand the point. Can you say briefly what in essence the point is: where is the double entry book-keeping?—Taking my JHW 4, sheet 2, there we first calculated for the London area the amount of depreciation that was thrown up from comparison of WW 4 for 1963, 1964, etc.; then we did the same exercise for way and structure assets and found the net book value of these assets was depreciating, which showed that some amortisation was being entered into that part of the net capital expenditure account, and at the bottom we came out with a figure of £0.6m. in each year. The question that arose—

2069. Where is the second, or duplicated, entry?—May I continue?—

2070. I am hoping you will put it in terms I can understand. You pointed to one of your double entries, and I am with you so far; now what about the other one?—I cannot give you a figure, but in Exhibit WW 2 you say that there is no charge made for amortisation. Amortisation has appeared here, but somewhere else we are being charged this reasonable charge for renewal of assets.

2071. Mr. Winchester did it that way in WW 2 for convenience; he has taken a charge for renewal in lieu of what actually happens, namely the amortisation?—Precisely.

2072. If he has taken the equivalent amount in a way more easy to work out, what is wrong?—If it is for renewal, it is for renewal; that is current expenditure.

2073. What is it?—This money has been spent in the past. That is the amortisation. May I have WW 2, please? If I may read the paragraph, it says: in the estimates in WW 1 no provision is made for amortisation; instead a reasonable annual charge is made for renewal of such assets as are expected to, need renewal in the foreseeable future.

2074. That is in an effort to produce a fare costing for the London passengers; what is wrong with it?—That is "expected to need renewal in the foreseeable future"; this is "in the future."

2075. It is an annual charge put on this notional account by Mr. Winchester; where is the other charge?—He says he is making a charge for assets that are expected to need renewal in the foreseeable future.

2076. Yes.—He is also making a charge for the amortisation of past expenditure.

2077. Where is he doing that in this exercise?—He has made it; that deduction has appeared.

2078. Where?—Can we go back to JHW 4, sheet 1. We shall take the first line as an example.

2079. Perhaps I can help. JHW 4, sheet 1, is based on the exercise for the ascertainment of the interest charge appropriate to London revenue, is it not—the London area?—Yes.

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Mr. JOHN HINLOP WHITTAKER

[Continued]

2080. An interest charge only; none of the calculations on the document is carried into the costing; it is a separate exercise?—Then why do we see in successive years the area proportion of the way and structure assets for the Southern Region extension of electrification stage one, Kent Coast, go down from £42m. to £41m. and then to £4m.? Some money must have come to provide that; that money must be amortisation.

2081. But all you are saying is that Mr. Winchester had done it one way for the purpose of costing movement expenses, and another way where he is ascertaining how much interest there is to pay; that is all you are saying, is it not?—All I am saying is that the money must have been found from somewhere to reduce the way and structure net capital expenditure figures, but at the same time a charge is being made for the future expenditure.

2082. I shall not argue any further; I hear what you say. Another point I am at loss about is your point on the electrical multiple unit stock particularly in regard to the Southern Region and the stock bought for the North Kent Line. Is it your point that too much has been loaded on to London in respect of the interest on this capital expenditure?—Taking it as a capital expenditure item, yes.

2083. You appreciate that only a small proportion of the North Kent stock has been attributed to London?—I do.

2084. You are simply disagreeing with Mr. Winchester's evaluation of the proportion?—Yes.

2085. £14m. of depreciable assets apply to the London area out of £124m. depreciable assets involved in the North Kent electrification stage one?—Yes.

2086. Roughly £14m. out of £124m. the greater part of which is stock, is too much?—I think it is.

2087. Have you a calculation designed to show that Mr. Winchester's mathematics are wrong in that respect?—I cannot at this stage produce a detailed calculation but I am trying to show something qualitatively on that.

(The witness withdrew)

(Mr. Mercer): That is the case for my clients

Mr. KENNETH JAMES RAZEY SWORN

Examined by Mr. KEENE

2088. (Mr. Keene): Our objection is concerned solely with the concessions to juveniles. (To the witness): Is your full name Kenneth James Razey?—Yes.

2089. Are you Senior Youth Employment Officer of the Thurrock area employed by Essex County Council?—Yes.

2090. Does your area cover Purfleet, Grays, Tilbury, Stanford-le-Hope, Corringham, South Ockendon and Aveley?—Yes.

2091. Does the area have approximately 2,000 school leavers each year?—Yes.

2092. That is of course both Easter and Summer leaving time?—Yes.

2093. Would you read your proof?—We made a survey at the request of the principal Youth Employment Officer for the Inner London Education Authority, to ascertain the number of young people employed in London. This survey was confined to those young people who left school in summer of 1965. Of 1,407 boys and girls who left school in the Thurrock area, 404 found employment in London; this figure represents 28 per cent of the total number of leavers.

The number of school leavers leaving all schools in the area during the period 1963-65 was 5,491. If the figure of 28 per cent can be applied to the whole of this period (and

2088. Qualitatively, by your assertion that some of this stock is used for boat trains?—I know some of this train stock is used for boat trains; it is a significant proportion.

2089. That is what you are referring to?—Yes, and there is a similar item on the Eastern Region for the Clacton stock, which does not make any cost in the London area.

2090. That sounds a more substantial point. Where is that?—Going to my JHW4, sheet 4, there are 76 vehicles in the Eastern Region main line stock.

2091. But which is the heading which Mr. Winchester has taken into?—This is my problem.

2092. You have Mr. Winchester's WW5 brought up to date; he has supplied you with that?—The equivalent of WW4 last time?

2093. I beg your pardon; I mean 4.—Yes.

2094. Where in there do you find this Clacton stock?—I know that we have the right number of vehicles allocated to the scheme from the figures the board have given to me, but as to which heading it is lost under I do not know for certain. Is it electrical stock?—Yes.

2095. You see what the headings are in Mr. Winchester's WW4 brought up to date: Eastern Region, for Liverpool Street to Chelmsford on Southend services excluding the cost of conversion from direct current to alternating current; that does not sound like Clacton stock?—They go through Chelmsford.

2096. That is where you think it is?—What I said was I thought it might be there; but it is somewhere within that.

2097. Mr. Winchester is behind me, and he says he has not included it at all, and I shall have to recall him to say so.—It will clarify a point I had in doubt.

there is no evidence to suggest that summer 1965 was in any way exceptional) there are at present some 1,500 young people aged between 15 and 18 working in the London area.

The withdrawal of cheap travel facilities will mean in some cases a doubling of fares. If young people are deterred from taking up employment in London, or if those already employed are forced to seek employment locally, the employment situation in the Thurrock area will become very serious indeed. There is no possibility of even a small proportion of the London based clerical workers' being absorbed locally.

Following a recommendation of the Thurrock Youth Employment Committee, the Essex Youth Committee has agreed, subject to the approval of the Essex Education Committee, that the attention of the Central Youth Employment Executive be drawn to the fact that the withdrawal of cheap travel facilities would cause considerable hardship to a large number of young people who travel to London for clerical work because of a shortage of suitable opportunities locally.

From the files of the Youth Education Service I have taken a random sample of young people from the Thurrock area working in London to ascertain their average wage rates. This sample, which covered approximately 15 per cent of the total number of such young people, indicates that the average starting rates are as follows: Aged 15, girls £5 to £6, boys £5 10s. to £6 10s.; aged 16, girls £6 to £7, boys £6 10s. to £7; aged 17, girls £8, boys £7 10s. to £8.

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[MR. KENNETH JAMES RAZZY]

[Continued]

2104. Do some of these boys and girls also get lunchtime vouchers?—About 10 per cent of the sample, yes.

2105. And these are starting rates?—Yes.

2106. Can you give any indication of how they might be increased eventually?—I would expect that within a year, or at the next birthday, most of these rates would advance by about 15s. or perhaps £1.

2107. When was this survey taken?—The average rates of pay refer to those who left school in the summer of 1965 and started work in August or September.

2108. Would you therefore imagine that they represent reasonably current rates of pay?—I would have thought so, yes.

2109. Would you continue?—For the 15-year-old or girl earning 56 and travelling to London from South Ockendon the proposed charge could mean a cut of 17 per cent in his or her income: the weekly ticket would rise by £1, from £1 0s. 2d. to £2 0s. 3d. For a 16-year-old on the same journey the increase from two-third to full rate would represent a 10 per cent cut in income. This is a very substantial drop.

Perhaps even more important than the actual rise is the proportion of salary which fares would then consume. A 15-year-old travelling from South Ockendon would pay £2 per week out of a salary of about £6—a third of the whole. This is the piece of arithmetic which will occur most readily to young people.

In the course of my work I have interviewed thousands of young people, especially school leavers. Many of them are willing to work in London only because wages there are about £1 higher than locally, which offsets the cost of travel.

If the proposed increase go through, it is my opinion that a substantial proportion of young people in the Thurrock area will be deterred from taking up employment in London. Others already employed there may decide to seek employment locally.

Cross-examined by Mr. Fav

2118. Most of the stations in your area are outside the London passenger transport area?—I appreciate that, yes.

2119. You have concentrated on South Ockendon station. Did I get your figures correct: the two-thirds £1 6s. 10d., the full rate £2 0s. 3d.?—Yes.

2120. So the increase in money would be 13s. 6d.?—For a 16-year-old, yes.

2121. That is for anyone who has been paying two-thirds and now will pay full rate?—Yes, I beg your pardon, as opposed to a 15-year-old, yes.

2122. You say wages in London are about £1 per week higher than in South Ockendon?—Yes.

2123. So they are better off even if they do have to pay?—At the moment, slightly, yes.

2124. Have they the choice of paying 13s. 6d. more in fares to London, if the application is approved, or losing £1 by working locally instead of in London?—That is so. On the other hand, in an effort to be as impartial as possible, I did take the further ranges of 15-year-olds' salaries—46—whereas the average figure was found to be between £5 and £6, which would offset your point about the difference between £1 and 13s.

2125. Of course circumstances will vary, but you are not suggesting that Thurrock is an exception to the full employment condition in the south-east generally?—Not at all.

2110. What effect would that have on the local employment situation?—The situation in Thurrock is that it is an area of full employment but only because approximately one in four of our young people are absorbed in London. The employment situation around Thurrock would become very serious indeed. The young people concerned are mainly clerical workers, but in Thurrock there is a shortage of such work.

2111. Is it your belief that most of these young people are working in London in clerical jobs, etc.?—I would say the large majority, yes.

2112. What is the normal number of clerical vacancies you have around Thurrock for clerical work?—It seldom exceeds 16 or 17.

2113. What other vacancies have you?—In the main the vacancies for girls are for shop work, machineists and factory work. For boys there is routine manual work and semi-skilled factory work.

2114. What conclusion do you reach?—There are, as I have said, probably about 1,500 15- to 18-year-olds from this area working in London; there is thus no possibility of more than the very smallest fraction of the London based clerical workers being absorbed locally.

2115. Would you envisage the possibility of any pool of young unemployed persons being created in the area?—I would say this was possible.

2116. Do you think the Thurrock area is exceptional compared with many other areas that sort of distance from London?—No; I would imagine many towns of the size of Grays, for instance, depend on London for the absorption of a fair percentage of young people. The same situation presumably arises in other areas.

2117. Can you give the fares which the young people would have to pay?—Yes; from South Ockendon, for a 15-year-old, the weekly figure is £1 0s. 2d., the monthly £3 13s.; for a 16 to 18-year-old, weekly £1 6s. 10d., monthly £4 17s. 4d.; the full rate is weekly £2 0s. 3d., monthly £7 6s. 0d.

2126. Employment is good?—Yes.

2127. You have no unemployment problem?—No.

2128. And it is fantastic to consider that there would be any local juvenile unemployment problem if these rates went up, is it not?—We are dealing with human beings. It is impossible to anticipate the reaction of young people to this, but since we never have more than about 100 vacancies in the area at any one time, this is obviously less than 10 per cent of the total number of young people working in London.

2129. All the young people you have to place you can place?—At the moment, yes.

2130. Either locally or in London?—If they are prepared to come to London, yes.

2131. How far is it from South Ockendon by train, or how long does it take?—About 35 minutes.

2132. You do not suggest that young people are not prepared to face a 35 minute journey to work?—No, but they may not be prepared to pay the increased fare.

2133. Because they are used to having a lot of money in their pockets?—These things are relative. They look upon this proposed increase in fares in relation to their own experience and their own standards of living. I cannot pass moral judgment on whether or not they can afford it.

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Mrs. KENNETH JAMES RAZZY

[Continued]

2034. But your boy or girl aged 16 getting £6 to £7 per week is a good deal better off than many a young married man with a wife and child to support and a house to keep up?—In terms of having more pocket money, yes, but on the other hand one might argue that this should be so because they are at a time when they should be enjoying life, when they have not the full responsibilities of adults.

2035. No doubt everybody is all for enjoyment these days, but why in those circumstances do they qualify for being subsidised this way in your view?—I can answer that only as a private individual; I cannot commit the youth employment service to an attitude on a matter of national interest. But as a private individual I would suggest in the long term it is more important to the national interest that our young people are properly trained and employed than that British Railways should make a profit.

2136. That is a permissible view. But it is not a question

Re-examined by Mrs. KENNEDY

2039. You have been asked as to whether, looked at from the point of view of an outsider, these young people are well off. Would it be your view that whether or not they are well off they might react against the increases in fares?—Yes, I think what is more important is not whether they can afford to pay these increases, but whether they will. Young people do not necessarily think in the same way as adults; they tend to be more bloody-minded about these things (to use the expression the Prime Minister uses) and have not the same responsibilities to occupy their minds, and so they may say they will not pay them.

(The witness withdrew)

(Adjourned until tomorrow at 10.30 hours)

of British Railways making a profit—they don't. It is a question of who pays—whether it is the other passengers or these passengers or the taxpayer. But it will be a permissible view among some people that young people seem to have too much money in their pockets and it is not very good for them?—Again this is of course a matter of opinion.

2137. That is a rather "square" view, I expect?—I do not pretend to be "with it" either! But I would suggest that these wages are perhaps not as high as mass public opinion would imagine. I would suggest that a gross wage (and these are gross wages) of £5 to £6 for a girl of 15, although good, is not going to leave her a vast amount every week to fritter away.

2138. It will leave her more in her pocket than she will have in five or ten years' time?—I agree; but I cannot agree it is relevant to the argument.

2140. Although you do have a number of vacancies for labourers, manual workers and factory workers around Tinsrock, am I right in my belief that someone who has been doing clerical work in a place like London is entitled to go to the employment service and request clerical work, and get unemployment pay if you have not clerical vacancies?—That is so. We cannot force them to accept other employment if they have always been occupied in clerical work; they can for a reasonable period maintain that they are waiting for clerical work and draw unemployment benefit regardless of the fact that there may be vacancies of a different type available.

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[Continued]

JRW 1
SHEET 1

TRAVELLERS' ASSOCIATION—JOINT COMMITTEE
MOVEMENT EXPENSES PER LOADED TRAIN BASED ON
BRITISH RAILWAYS BOARD

DETAILS OF FIGURES IN EXHIBIT WW 1

MOVEMENT EXPENSES					
Loaded Train Miles (000's)					
	Southern	Eastern	London Midland	Western	Total
Local Trains	18,710	5,719	2,480	932	27,841
Suburban Through Trains	1,239	8,415	1,002	288	3,954
Other Through Trains	2,283	1,163	457	98	3,966
Total London Area	22,237	8,297	3,949	138	35,341

Movement Expenses (£000's)					
	Southern	Eastern	London Midland	Western	Total
Local Trains	8,765	9,094	1,049	257	19,315
Suburban Through Trains	570	770	499	99	1,938
Other Through Trains	921	779	242	25	1,967
Total London Area	10,306	4,643	1,890	381	17,120

Allocation by Form of Traction				Expenses per Loaded Train Mile
	Loaded Train Miles (000's)	Expenses (£000's)		£
Electric multiple units	27,742	13,026		0.476
Diesel multiple units	4,635	1,856		0.400
Steam loco. hauled	67	64		0.955
Electric loco. hauled	9	2		0.667
Diesel loco. hauled	1,013	787		0.698
L.T.B. electric multiple units ..	2,276	1,465		0.643
	35,341	17,120		0.484

Movement Expenses per Loaded Train Mile (£)					
	Southern	Eastern	London Midland	Western	Total
Local Trains	0.456	0.541	0.463	0.483	0.482
Suburban Through Trains	0.460	0.544	0.493	0.369	0.492
Other Through Trains	0.402	0.470	0.530	0.437	0.496
Total London Area	0.438	0.560	0.479	0.444	0.484

JRW 1
SHEET 2

TRAVELLERS' ASSOCIATION—JOINT COMMITTEE
INCREASE IN MOVEMENT COSTS PER LOADED TRAIN MILE
BETWEEN 1964 AND 1965 (£)

	Southern	Eastern	London Midland	Western	Total
Local Trains	0.035	0.072	0.030	0.092	0.044
Suburban Through Trains	0.042	0.128	0.033	0.010	0.087
Other Through Trains	0.026	0.022	0.055	0.006	0.059
Totals	0.39	0.090	0.032	0.062	0.044

PERCENTAGE INCREASE IN MOVEMENT COSTS PER LOADED TRAIN MILE
BETWEEN 1964 AND 1965

	Southern	Eastern	London Midland	Western	Total
	%	%	%	%	%
Local Trains	8.1	15.4	6.5	23.5	10
Suburban Through Trains	10.2	28.9	7.2	2.8	15.8
Other Through Trains	6.9	22.5	6.9	1.4	13.5
Totals	8.3	15.1	7.7	16.2	9.1

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(Continued)

JRW 1

SHEET 3

TRAVELLERS' ASSOCIATION—JOINT COMMITTEE
BASED ON BRITISH RAILWAYS BOARD FIGURES

DETAILS OF FIGURES UNDERLYING MOVEMENT EXPENSES IN EXHIBIT WW 1

Loaded Train Miles (000's)

	Southern	Eastern	Midland	Western	Total
Electric multiple units	20,873	4,017	2,432	—	27,342
Diesel multiple units	637	1,900	1,399	715	4,651
Steam loco. hauled	66	—	1	—	67
Electric loco. hauled	5	—	—	—	5
Diesel loco. hauled	204	329	57	23	1,013
L.T.B. electric multiple units	479	1,628	60	120	2,287
Total	22,337	8,297	3,949	858	35,341

Movement Expenses (£000's)

	Southern	Eastern	London Midland	Western	Total
Electric multiple units	9,532	2,316	1,178	—	13,026
Diesel multiple units	155	799	610	292	1,856
Steam loco. hauled	63	—	1	—	64
Electric loco. hauled	2	—	—	—	2
Diesel loco. hauled	144	507	42	14	707
L.T.B. electric multiple units	270	1,061	59	75	1,465
Total	10,266	4,683	1,890	381	17,220

Movement Expenses per Loaded Train Mile by Form of Traction (£)

	Southern	Eastern	London Midland	Western
Electric multiple units	0.457	0.576	0.484	—
Diesel multiple units	0.314	0.399	0.936	0.408
Steam loco. hauled	0.954	—	1.000	—
Electric loco. hauled	0.688	—	—	—
Diesel loco. hauled	0.706	0.594	—	0.609
L.T.B. electric multiple units	0.574	0.652	0.960	0.625

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[Continued]

EXHIBIT JHW 1

SHEET 4

TRAVELLERS' ASSOCIATIONS—JOINT COMMITTEE

Other Through Trains

Service:—London to Southend Victoria

Miles	Stations	Station Usage
—	Liverpool Street	...
4	Stratford	10,441 (A)
4½	Maryland	N.S.
5½	Forest Gate	N.S.
6½	Manor Park	N.S.
7½	Elford	7,006 (A)
8½	Seven Kings	N.S.
9½	Goodmayes	N.S.
10	Chadwell Heath	N.S.
12½	Roodford	9,715 (A)
13½	Gidea Park	5,714 (A)
15	Harold Wood	3,000 (A)
Acra Boundary		
18½	Brentwood	2,485 (A)
20½	Sharnford	5,269 (A)
24½	Billerica	2,083
29	Wickford	2,750
33	Rayleigh	3,022
36	Hockley	1,768
38½	Rockford	1,051
41	Prittlewell	848
41½	Southend (Victoria)	2,490

(A) Stations with alternative services

N.S. Not served

EXHIBIT JHW 1

SHEET 5

TRAVELLERS' ASSOCIATIONS—JOINT COMMITTEE

Service:—London to Brighton

Miles	Stations	Station Usage
—	Victoria	...
1½	Eastham Park	N.S.
2½	Clapham Junction	N.S.
4	Wandsworth Common	N.S.
4½	Balham	N.S.
6½	Stratford Common	N.S.
7½	Norbury	N.S.
8½	Thornton Heath	N.S.
9½	Selhurst	N.S.
10½	East Croydon	13,960 (A)
11½	South Croydon	N.S. (A)
12½	Purley Oaks	N.S.
13½	Purley	4,542 (A)
15	Coulsdon South	654 (A)
18½	Mersham	1,053
20½	Redhill	1,966 (A)
21½	Earlswood	386
23½	Salford	369
25½	Horley	414
26½	Garwick Airport	1,055 (A)
29½	Three Bridges	636 (A)
Acra Boundary		
33½	Bilcombe	230
37½	Haywards Heath	2,487 (A)
40½	Wivelsfield	201
41½	Hurps Hill	1,306
43½	Hanocks	32
49½	Preston Park	820
50½	Brighton	13,925 (A)

(A) Stations with alternative services

N.S. Not served

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[Continued]

EXHIBIT JW 1
SHEET 6

TRAVELLERS ASSOCIATIONS—JOINT COMMITTEE

Suburban Through Services

Service 1—Liverpool Street to Stanfield

Miles	Stations	Station Usage
—	Liverpool Street	
4	Stanford	80,441 (A)
4½	Stanford	1,592
5½	Forest Gate	3,802
6½	Moortown Park	1,683
7½	Ward	1,026
8½	Seven Kings	2,553
9½	Goodmayes	2,073
10	Chadwell Heath	3,270
12½	Romford	9,715 (A)
13½	Gidea Park	3,714 (A)
15	Harold Wood	3,000
	Area Boundary	
18½	Bontwood	2,485
20½	Stanfield	5,260

Service 2—Waterloo to Guildford via Epsingham

1½	Waterloo	N.S.
4	Clapham Junction	N.S.
5½	Earlsfield	N.S.
7½	Wimbledon	20,180 (A)
8½	Reyners Park	3,828 (A)
11	Brixton	788 (A)
12	Surbiton	5,452 (A)
14	Hitchley Wood	738
15½	Chaygate	922
17	Oxshott	800
18½	Cobham	616
21	Epsingham	226 (A)
22	Hamley	992
25½	London	413
28½	London Road Guildford	748
	Area Boundary	
30½	Guildford	4,285

(A) Stations with alternative services

N.S. Not served

EXHIBIT JW 1
SHEET 7

TRAVELLERS ASSOCIATIONS—JOINT COMMITTEE

Paddington to Reading Train Service

Miles	Station	Train Usage			Passenger Miles to London		
		S.P.	S.S.	Sub.	S.P.	S.S.	Sub.
					000s.		
36	Reading	4,130	1,130	—	40.7	40.7	—
31	Weyford	557	141	—	17.3	4.37	—
24½	Maidenhead	461	46	—	11.29	1.03	—
22½	Taplow	—	284	—	—	5.04	—
21	Barnham	—	149	—	—	3.43	—
18½	Slough (ex. Bus)	275	275	—	5.08	5.08	—
	Total outside Area	2,423	1,965	—	74.37	69.45	—
					Area Boundary		
18½	Slough	838	838	419	15.50	15.50	7.75
16½	Langley	—	—	531	—	—	8.63
15	Uxbridge	—	—	99	—	—	1.49
13½	West Drayton	—	889	810	—	10.73	10.73
11	Hayes	—	810	810	—	8.91	8.91
9	Southall	—	700	700	—	6.30	6.30
7½	Uxbridge	—	—	477	—	—	3.46
6½	West Ealing	—	—	952	—	—	6.19
5½	Ealing Broadway	1,340	250	250	7.71	1.44	1.44
4½	Acton	—	—	125	—	—	0.55
	Total in Area	2,178	3,498	5,173	23.21	42.88	55.45
	TOTAL	4,601	5,463	5,173	97.58	112.33	55.45
	Non-Area passenger miles within Area	—	—	—	98.8	36.35	—

4 May, 1966]

[Continued]

EXHIBIT JHW 1

SHEET 8

TRAVELLERS' ASSOCIATIONS—JOINT COMMITTEE

London Transport Railways—Movement Expenses

From 1964 L.T. Accounts p. 47

					Expense Total	In toto Movement	Movement Partially Covered
Running expenses					4001	4001	4001
Motormen and Guards	...	...	...	...	2,827	2,827	—
Electric current	...	...	...	...	5,679	—	—
Cleaning and Servicing	...	...	...	...	634	634	—
					9,140	3,461	—
Other operating and traffic expenses							
Administration	...	...	...	...	269	—	75
Traffic Staff	...	...	...	...	4,992	—	—
Station cleaning	...	...	...	...	782	—	—
Operation of signals	...	...	...	...	514	—	—
Tickets, etc.	...	...	...	...	305	—	—
Training operational staff	...	...	...	...	197	—	47
Compensation for accidents	...	...	...	...	13	—	—
Miscellaneous	...	...	...	...	368	—	—
					7,361	—	122
Maintenance							
Administration	...	...	...	...	884	—	380
Passenger vehicles	...	...	...	...	3,782	3,782	150
Station buildings, etc.	...	...	...	...	997	—	—
Earthworks, etc.	...	...	...	...	534	—	—
Permanent way	...	...	...	...	1,811	—	—
Electrical track equipment	...	...	...	...	673	—	—
Signalling	...	...	...	...	1,737	—	—
Lifts and escalators	...	...	...	...	541	—	—
					10,990	3,782	430
General	...	...	...	...	2,449	—	300
Depreciation	...	...	...	...	1,342	—	8,855 p. 55
					3,791	—	300
TOTAL	...	...	...	...	31,372	7,263	852
Total movement cost excluding electricity					—	7,263	—
					—	852	—
Interest and depreciation	...	...	...	...	—	8,655	—
					—	1,230	71,345
Electric current	...	...	...	...	—	—	5,679
Total loaded and empty train miles over L.T. only	...	...	...	...	—	29,352,000	—
Total loaded train miles over L.T. lines only	...	...	...	...	—	28,716,000	—
Hence the cost per train mile							
movement	...	...	...	...	£0.387	£0.385	—
electricity	...	...	...	...	£0.193	£0.195	—
TOTALS	...	...	...	...	£0.580	£0.590	—

EXHIBIT JHW 1

SHEET 9

TRAVELLERS' ASSOCIATIONS—JOINT COMMITTEE

L.T. Movement Expenses

From R.R.B. Letter dated the 15th April, 1966, ref. G/5907/JRH

Year	Train Miles 000's	Cost Miles 000's	Payment to L.T. 0000	Payment per Loaded Train Mile
1963	2,901	19,101	1,026	£0.354
1964	2,810	18,634	1,098	£0.390
1965	2,483	16,647	1,046	£0.423
1966 (estimated)	2,300	15,400	1,100	£0.480

Note 1.—The basis of the charge was revised from the 1st January, 1966

"The main changes are that depreciation is now calculated on replacement value instead of book value and that the charge per mile is to be based on the current year instead of the previous year."

The payments do not include for any electric current, but does include the cost of

- train staff
- maintenance of stock
- depreciation of stock
- cleaning of stock
- capital charge
- administration
- any other charges

4 May, 1966]

[Continued]

JMW 2
SHEET 1

TRAVELLERS' ASSOCIATION—JOINT COMMITTEE
CAPITAL EXPENDITURE BY R.T.C. ON ELECTRICAL MULTIPLE UNIT
VEHICLES IN THE YEARS 1948 to 1955

Year	Annual Expenditure £	Vehicles Added
1948	951,000	471
1949	4,205,000	496
1950	3,386,000	501
1951	5,546,831	128
1952	663,000	58
1953	9,483,000	125
1954	2,844,000	294
1955	3,382,000	284
Total	16,521,000	1,767

This list does not include for vehicles built prior to 1948.

Of the post-war building it is thought that 312 vehicles were built for electrification schemes away from London, of the remainder there are very few units which were built other than for London Suburban services.

The depreciation on £16,521,000 using the estimated value of the Arm pre-1956 stock taking into account the fact that the above list of assets does not include any items built before 1948 and that the Board's period for depreciation of rolling stock of the E.M.U. type is twenty-five years, would be £668,000 per annum.

The amount of depreciation to be credited to the capital account for the arm with accrued interest amounts to —

	£	£
1963	668,000	
1964	668,000	plus interest of 37,000
1965	668,000	plus interest of 76,000
	2,004,000	plus interest of 113,000 = £2,117,000

Saving in future year

Interest on £2,117,000 plus £668,000 = £2,785,000 at 5.7% £158,700

4 May, 1966]

[Continued

JHW 3
SHEET 1TRAVELLERS' ASSOCIATION—JOINT COMMITTEE
PREPAYMENT OF SEASON TICKET FARES

The interest paid for season tickets in advance provides the Board with working capital, as the expenses incurred in providing the services are spread over the period of availability of the tickets.

On average this capital represents 4% of the season ticket revenues which at an interest rate of 5.37% would mean the Board are saving 0.47% of the season ticket revenues in interest charges.

The savings in the years since 1962 are as follows:—

Year	Season Ticket Revenue £m.	Interest Saving £m.
1963	16.5	0.074
1964	18.1	0.081
1965	18.5	0.083
1966	19.6	0.088
Interest saving in 1966 £m. 0.25 at 5.7%		0.084
		0.102

£m. 0.236
(Say £m. 0.250)

PROCEEDINGS OF THE TRANSPORT TRIBUNAL

LONDON FARES AND MISCELLANEOUS CHARGES DIVISION

THURSDAY, 5th MAY, 1966

PRESENT:

O. D. SQUIBB, Esq., Q.C. (*President*)

SIR THOMAS ROBSON, M.B.E., F.C.A.

R. C. MOORE, Esq., O.B.E., M.Inst.T.

Mr. E. S. FAY, Q.C., and Mr. K. JUPP, Q.C. (instructed by Mr. M. H. B. Gilmow, Solicitor to the British Railways Board) appeared on behalf of the British Railways Board.

Mr. J. T. MOLONY, Q.C., and Mr. L. MACLAREN (instructed by Mr. E. Kelsey, Solicitor and Parliamentary Officer to the Greater London Council) appeared on behalf of the Greater London Council.

Mr. M. C. PARKER and Mr. P. GRIEVE (instructed by Mr. Keith Lauder, Town Clerk and Solicitor to the London Borough of Barking, and Hon. Secretary to the South Essex Traffic Advisory Committee) appeared on behalf of the London Borough of Barking and the South Essex Traffic Advisory Committee.

Mr. G. MERCER (instructed by Messrs. Knocker & Foskett, Solicitors to the Travellers' Associations—Joint Committee) appeared on behalf of the Travellers' Associations—Joint Committee.

Mr. D. KEENE (instructed by Mr. A. E. Poole, Clerk of the Thurrock Urban District Council) appeared on behalf of the Thurrock Urban District Council.

Mr. F. A. RIDLER, represented the Federation of Residents Associations in the County of Kent.

Mr. G. E. AUSDEN represented the Association of Public Transport Users.

(Mr. Squires): I understand you are half way through Thurrock's case. My learned friend Mr. David Keene has asked me to apologise for his absence, and

COUNSELLOR ROBERT ALAN WOOD, SWORN

Examined by Mr. SCHIFFMANN

I trust I shall be able to carry on where he left off.

The only other witness we have is Councillor Wood, whom I might call now.

2141. What is your full name?—Robert Alan Wood.

2142. What is your address?—44 Whetley Road, Covingham, in the County of Essex.

2143. Are you a member of the Thurrock Urban District Council?—I have been a member of the Thurrock Urban District Council since 1961, and am chairman of the Traffic and Licensing Committee.

2144. What are the duties of that committee?—They include dealing generally with matters arising in connection with public transport and also matters under the Transport Acts.

2145. Are you here to state the policy of that committee and of your Urban District Council on the matters under consideration?—I am.

2146. Is Thurrock an area of some 57 square miles with a population of some 120,000?—An area of some 67 square miles and a population of some 120,000.

2147. What is the situation of British Railways stations?—The British Railways station at South Ockendon is the only railway link between the area called Belhus, with some 20,000 population, and London and Romford and Grays. The Fenchurch Street Line is used by the young residents of Thurrock who travel daily to and from London.

2148. What is the opinion of the council of the likely result of the withdrawal of the concessions which has been proposed by the Board?—The Council feel that regard should be had to the circumstances of young people who might be artoled or apprenticed and in receipt of remuneration of less than the normal wages but who would not qualify for education season tickets.

2149. These are apprentices; I understand it has been agreed by all sides that the wages of these apprentices are between £4 and £5 a week?—This generally is what has come out during the hearing, yes.

2150. Does the council have any feelings as to what might happen to the supply of apprentices if these concessions were withdrawn?—The position with regard to Thurrock, being a large dock area, is that a lot of our youngsters serving apprenticeships to do with trade allied to the docks have to travel to London, in the Millwall and Albert Docks area. A lot of the head offices of the various shipping firms within the docks are situated in this area of London.

2151. That is the apprentices. The other young people using that fare are largely clerks or in some form of clerical employment?—Yes.

2152. Evidence has already been given that their wages are somewhere between £5 and £7?—Yes.

Cross-examined by Mr. FAY

2153. In your district you have a number of railway stations of greater importance than Ockendon, have you not?—Yes.

2154. Those others are all outside the London Transport area?—Yes.

2155. So your concern is only with Ockendon?—As far as the present application goes, yes, but I think it would generally be accepted that if this application were allowed by the Tribunal it would automatically follow that British Railways would adjust their fares, etc., just inside and just outside the area concerned.

5 May, 1966]

COUNCILLOR ROBERT ALAN WOOD

[Continued]

2156. You are seeking some advantage to some area outside the London Transport area?—At the moment I have been asked to appear on behalf of the council to oppose the present application, but I think the implications are there, that this would automatically follow.

2157. Ockendon is on the Fenchurch Street Line?—Yes.

(The witness withdrew)

(Mr. Schiemann): That is our case.

(Mr. Fay): Mr. Motony yesterday showed me a letter

2158. You appreciate no doubt that as regards ordinary fares—single and return tickets—you already have a cheaper rate of travel than any other British Railways line?—This may be true, yes.

2159. Did you not know that?—Not to that extent, no.

(Mr. Fay): You did not? Very well; thank you.

MR. WINHART WINCHESTER, recalled

Further examined by Mr. Fay

2160. Yesterday Mr. Whitaker made a great variety of points, and I think you wish to make comments on some of them?—Yes.

2161. In some cases you wish to point out if he has a good point of principle?—Indeed.

2162. And in others to state your disagreement. To start with the major ones, I put to him yesterday that this was (although not in the way he put it) a good one: it was the point concerning the through passengers in the purely local train. Do you remember the point?—Yes.

2163. You have attributed to London the entire movement cost of trains entering and terminating within the area?—Yes.

2164. But it is evident that there are some passengers travelling on those trains who buy a through ticket and change somewhere and go on outside the area?—Yes, and equally coming in.

2165. Those passengers as passengers are not the London passengers who are within the jurisdiction of this application?—That is so.

2166. Their revenue does not appear in the revenue side of the figures presented to the Tribunal?—No, it would be wrong to bring it in.

2167. But in theory would it be right to make some adjustment to the cost of providing the transport for the purely London travellers, to take account of this fact?—It would, yes.

2168. Can you give some enlightenment as to whether it is a practicable task to ascertain in detail the numbers, and also what sort of numbers, it is thought are concerned and what the effect would be upon the costing?—Yes; we have always taken the view that this was not a major matter. To make a complete test to ascertain what it is worth would be a very great task, which would dwarf into insignificance the test we made three years ago to ascertain the user of through trains.

2169. And it would be an expensive test?—Yes. However, we have, since the matter was raised the night before last, looked to see what evidence we could find as to the probable nature and magnitude of this user.

There are first of all a certain number of stations which are not served by through trains at which nevertheless through tickets are sold and through passengers arrive. For the most part, the journeys these passengers would be making would be fairly short. In the particular case Mr. Whitaker instanced of Hither Green, that would not be so because you have to go to Sevenoaks or Charing Cross on certain trains before you can change into a through train. But for the most part we would expect the journeys to be fairly short. We have not a measure of the total number of such passengers, but there clearly is an element

The second element is the further type of passenger to which Mr. Whitaker referred—

I beg your pardon: the ones who use these local stations, I think, would be mainly off-peak passengers; but the second category to which Mr. Whitaker refers was from the peak trains. There are in the Southern Region particularly extensive arrangements to enable passengers to change after they get into the area so as to arrive at a more convenient terminal. They may be on train bound for Cannon Street and wish to go to Victoria, for example, and will want to be able to change on the way, and in some cases clearly it is possible for them to change from a through train into a local train that serves only the London area. The cases where this would be significant are fairly few—Sevenoaks again is an outstanding example of a place where persons can get a good, fast, local train for the most convenient terminal. There are other places, but in the main they would tend to be further away from the boundary: for instance at East Croydon or Clapham Junction it might happen.

I have not any figures I can usefully put before you. I think a fair guess would be that something like 1 per cent of the passenger miles in through trains related to through passengers. That is no more than a guess, and certainly if and when we have to pursue this matter again I would want to look more carefully at it, but for the present purpose I suggest that you might deduct 1 per cent off the movement of local trains from Exhibit WW 1.

2170. How much would that involve deducting from the movement cost?—The total figure there is £13m. It would be £0.13m, or £0.1m, if rounded to the nearest £100,000.

2171. So you think there is £0.1m. to come off the cost of the movement of local trains. Does this factor affect other items of cost?—It does not affect the terminals because in the formula we have used for apportioning terminal costs as appear in WW 2 we have excluded all through passengers from the proportion charged to London.

2172. Is there anything to add?—I beg your pardon: there would be a very small effect on track, but it is insignificant.

2173. The next heading (and I am now still on the points on which Mr. Whitaker has a valid point) is the depreciation charged currently on assets purchased before 1956.—Yes.

2174. To recapitulate his point, in your assessment of interest charges you have taken the net capital expenditure since 1956?—Yes.

2175. Because that is part of the active, as opposed to the suspended, debt; and in arriving at your net figure have you deducted the depreciation or amortisation since 1956?—I have deducted the depreciation or amortisation in relation to assets purchased since 1956, yes.

2176. I am sorry; that is what I left out: in relation to assets purchased since 1956?—Yes.

5 May, 1966]

Mr. WISHART WINCHESTER

[Continued]

2177. But, as he points out, you have not done that in respect of assets purchased before 1956, many of which are still in life?—Yes.

2178. To that extent there is a charge against revenue each year by way of depreciation and the like, forming some self-financing?—That is so.

2179. Which you have not taken into account in arriving at the interest charge?—That is so.

2180. That has been pointed out. Would you assist the tribunal as to what you think should be adjusted in order to give effect to that valid criticism?—Yes. I would like to say first of all I feel surprised—and abashed—that I did not think of this myself; on reflection, it is so obviously right.

2181. Perhaps it is even more surprising that Mr. Hill did not think of it last time?—Yes; we were all concerned with the basis agreed of the opening debt of the board to the Minister, which was the basis of my previous exhibits and which ignored the depreciation set aside during 1955 to 1962. But I just automatically carried on. However, the point is a proper one and should be taken into account.

In the time available, I can only estimate it fairly broadly. If I might go in stages, taking first of all depreciation, we estimated for the purpose of the 1963 inquiry, or in connection with our calculations for that inquiry, that, charged in the London Line expenses in the exhibits then produced, there was £1.7m. for depreciation of rolling stock. We want to add something to that for the other assets subject to depreciation, and I would think a reasonable total figure for depreciation would be £2m. per year. That in fact accords fairly closely with what Mr. Whitaker has deduced. We produced for him in his sheet 3 of JHW 4 a figure of £1.3m., and he estimated that to that should be added about £0.6m. for pre-1956 rolling stock. So he produced a figure of £1.9m., and I say that if you allow for some addition for pre-1956 assets other than rolling stock, a reasonable figure is £2m.

On amortisation or renewal I have no information on what is included in my exhibits. I know that on the 1956-and-after assets the figure is £0.6m.; that emerges in Mr. Whitaker's exhibit again. Clearly again something ought to be added for pre-1956 assets subject to amortisation.

I have tried to test it another way; I have taken British Railways as a whole, where the provision for amortisation is £15m., and 5 per cent. which is the capital proportion, would produce £0.75m. I think again I would round it up (perhaps fairly generously) to £1m. That gives a proper allowance for finance generated in the London area for depreciation and amortisation of £3m. per year.

2182. Putting there, I think you had provided Mr. Whitaker with an up to date version of the Table WW 4 which was put in last time?—Yes.

2183. As you have done that, and as he has it, it might be convenient for the tribunal to have it?—Yes.

2184. May I put this in: it will have to be called WW 6 this time?—Yes. (Exhibit WW 6 handed.)

2185. The tribunal will recognise this table; it has been referred to as WW 4 of last time—an examination of the net capital expenditure. This is with the figures revised to date, down to and including 1965, and this table shows the working of your total of £60m. which appears at the bottom right hand as the London area passengers' proportion of net capital expenditure?—Yes. The figure I had in my Exhibit WW 4 was £59m. This document has been slightly revised. The first calculation I gave in evidence was done fairly broadly as regards expenditure incurred during 1965; I felt justified in that, since anything I left out was against me. But in looking at it in more detail I have revised the figure, and it now becomes £60m.

2186. You point out that in the current WW 4, which is at page 28 of the transcript, you have, as item 7, £59m. described as capital expenditure upon which the debt is based?—Yes.

2187. That, in the light of this table which you worked out, should be £60m.?—Yes.

2188. Working on your figure of £60m., it follows from what you have said this morning that that falls to be reduced by the figure at which you arrive of the self-financing in respect of pre-1956 assets?—Yes.

2189. What is that figure?—I have now come to a figure—a proper deduction for depreciation and amortisation—of about £2m. per year. Of that £2m. per year, about £1.7m. per year is already deducted in this new exhibit and its corresponding counterparts in earlier years. That figure is shown. Mr. Whitaker has analysed this new WW 6 and its predecessors to differentiate between the new expenditure and depreciation year by year. What has been allowed year by year in this exhibit for depreciation and amortisation of 1956-and-subsequent assets is about £1.7m. per year on average—

2190. Whereas the total revised should be how much?—£3m. There is another £1.3m. per year to come, making in round terms a total of £4m. to be taken off.

2191. That is taking three years?—Yes, because the approach was correct as at 1st January, 1962; it is only the three years since the commencement of the board that have to be allowed for.

2192. So, deducting that figure, what is now the figure which we should substitute for the £60m. at the bottom of the table?—£56m.

2193. Compared with £59m. in your Exhibit WW 4?—Yes.

2194. So you have to reduce your interest charge by the interest appropriate to £3m.?—That is so.

2195. How much is that?—Rather less than £0.2m.

2196. Which you would round for the purpose of these papers to £0.2m.?—Yes.

2197. So that criticism—which you accept—reduces the interest charge by £0.2m.?—Yes.

2198. I think that exhausts the points on which you concede that Mr. Whitaker has established a point. I put to him yesterday that his point about parcels had been canvassed last time and dealt with by you?—Yes.

2199. Have you anything to add to the answer you then gave?—No.

2200. Another of his points was to refer to his JHW 1, sheet 2, and draw attention to the variations in the increase in movement costs per loaded train mile comparing 1964 and 1965 as between the different regions?—Yes.

2201. The Eastern Region has gone up more than the others?—Yes.

2202. Would you expect the increment to be the same for each region?—No, there have been varying changes in circumstances.

2203. The one which stands out is the Eastern Region of course. Can you explain why it is that the Eastern Region has taken a higher increase than the others?—One of the reasons which I have already mentioned is the fact that the cost of maintenance of electrical multiple units has gone up; the stock is getting older; it is coming into the period of mid-life or thereabouts, when the overhauls have to be heavier.

5 May, 1966]

[MR. WHITTAKER WINCHESTER]

[Continued]

2204. You say mid-life; it is some 20 years now since the first of that stock—Yes, but there is later stock in, which has got over its "holiday" of subnormal maintenance. The other factor as between the Eastern and Southern Regions, which are the two biggest items, is the effect of the various changes which have been made in the services because of economies. Economies have arisen from shortening trains and from reducing the frequencies of the service. When you shorten the train, you expect to save some train mile costs, because certain of the costs are dependent on the number of cars on the train—maintenance and electric current. Therefore when you shorten trains you reduce your train mile costs. That is why the Southern increase is subnormal—because we have shortened trains on average by about 3 per cent as between the two years. Therefore the increase in the Southern costs per mile are less than one would expect. On the other hand the Eastern, particularly in the case of the suburban through trains, has been affected by a lengthening of the train. That is one reason why this suburban through train figure is higher.

On suburban through trains generally Mr. Whitaker suggested the new change of approach should have reduced the cost per train mile—that is adopting the other-through-train formula. He suggests that should reduce the cost per train mile. That I do not accept. That matter in isolation would have no effect; it is the total cost per train mile we are using. The only effect of the new formula is to reduce the number of chargeable train miles. The fact that the suburban through trains in the Southern and Eastern are going up out of step with the other elements is due to the incidence of the nature of the alterations in the services.

The only other thing is to mention that in the Midland Region there has been such an extensive reorganisation of services that it is not possible to comment on the figures in detail.

2205. Euston electrification?—Yes, and the substantial reduction in the London Transport running on the Midland Region.

2206. I do not know whether the Tribunal are concerned with the operational details. The question is whether some error has been found in your calculation.—We did this exercise for our own satisfaction before we produced the exhibits, and we felt that we had satisfied ourselves that there was an adequate explanation for these different kinds of movement—I do not say we reconciled everything to a fine point, but we saw no reason to think that our estimates were wrong because they produced these results.

2207. Now may I pass to JHW 4 sheet 4, which is a statement of numbers of electrical multiple units vehicles built since 1955. These figures are not accepted by you, are they?—No, as I told Mr. Whitaker I do not recognise these figures; I do not know where he got them from.

2208. The Tribunal probably have the exhibit, on which there is a handwritten column on the extreme right, headed BRB total; those are your figures?—Yes; these are the figures taken from the published accounts.

2209. The total is within 10 of Mr. Whitaker's figure, but have you some criticism of this coincidence?—Yes. It is fortuitous to this extent, that my figures do not include the second column figures—that is the Hastings diesel.

2210. Is that what is headed MD?—Yes, these are main line diesel electric stock. In my figures these are in the diesel figure, but Mr. Whitaker has assumed they are electric. (When I say in my figures, I mean in the Board's accounts.)

2211. If they were to be included in this table, your handwritten total would go up by 136?—Yes.

2212. The only point on this is whether, firstly, the Clacton rolling stock is within your London area calculation?—No, it forms part of the non-area schemes for

this purpose. The figures for the Midland and Scottish are very much in line with what I assumed, but I include one way or another most of the Southern Region.

2213. You understand the purpose of this table or the lessons to be drawn from it?—Frankly, no.

2214. Perhaps it might be put in cross-examination; I must confess I do not understand it. The next matter is the signalling figure which, as Mr. Whitaker pointed out, is what appears to be a high proportion of the total figure for British Railways?—Yes. Again I have had very short time to look at this, but I can see reasons why the cost of signalling in the London area should be very much greater than for the rest of the country.

2215. I have forgotten what percentage he worked—20-point-something?—He said whereas the track miles in the London area are only about 8 per cent of the total track miles in the country—

2216. He made it less because he took route miles. At any rate you say the track miles in London are 8 per cent?—Yes, if you exclude sidings. The London track miles then are about 8 per cent of the country as a whole whereas the maintenance and renewal charge of the London area is of the order of 25 per cent.

2217. It is a little below that, I think?—Yes.

2218. But a figure obviously out of line with the track mileage proportion?—Yes.

2219. To what do you attribute that; does it show your figures are wrong, or is there an explanation?—If your track occupation—the density of your services—increases, the cost of signalling goes up in a kind of geometrical progression; it is very much more expensive. I cannot in the time available see what the progression ought to be, but I have observed that the London Transport cost per track mile for signalling is about twice as high as ours.

2220. That perhaps points to even more intensive track use than yours?—Yes; it is certainly a lot more sophisticated than ours. That is only a broad figure; if you take the cost of maintenance of signalling and other equipment per track mile, it is roughly double ours. That again does not surprise me because they have a more sophisticated system than ours.

2221. And yours in London is more sophisticated than yours in the country as a whole?—Yes, very much. In the sparsely populated parts, signalling is simple, and also maintenance; there is not the same disparity when you come to operation. As you get more sophisticated signalling, your maintenance cost tends to increase and your operating cost tends to go down.

2222. Then you have an observation or two upon the argument set out in JHW 4 sheets 12 to 16?—Yes.

2223. That is the paper headed capital structure.—Yes. I thought it might be useful to comment on one or two of the differences in principle between this approach and the one I have made in VW 4.

First of all at the foot of sheet 12 Mr. Whitaker works out an average interest charge. He is saying it is unfair to London that we are saddled with all the new assets as compared with the rest of the country—a much higher proportion—and therefore we should not saddle them with such a large proportion of the debt. This was how Parliament settled the debt; they said we should only charge interest on the new assets. It is not for me to say Parliament was wrong.

2224. He is taking into account the suspended debt?—Not really. He is saying London has been unlucky because they have all these new assets, and therefore higher interest charge. But Parliament has said it is the newer assets we are going to charge against you.

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[MR. WISBART WINCHESTER

[Continued]

I am fortified in this that we are giving London, as elsewhere, a suspended debt, but I see no virtue in giving this average. On WW4 and WW6 we have a clear, simple and straightforward method of arriving at the interest on the London proportion of the debt to the Minister and I see no reason for departing from that. I think this averaging is pointless.

2225. He is really taking into the balance the unmodernised branch lines which we find and is in fact saying their cheapness of capital servicing ought to affect the Londoner who is enjoying the benefit of recently purchased, modern assets?—Yes.

2226. Have you any other comment?—We see on sheet 13 that what Mr. Whitaker does is to take this debt other than to the Minister, and he first of all says let us allocate that to working capital. Again I do not see the point of that. I have attempted to spread it pro rata through the assets as a whole, and I think that is more sensible. I do not deny that the London area working capital would be rather less than for the rest of the country. I think some of the figures are exaggerated here, but I do not think it is worth going into detail. Clearly the working capital needs to be less, but not that much less.

That is fairly minor; the major thing is the procedure on sheet 14, where we are asked to sell off our profitable businesses and use them to repay our savings bank deposits.

2227. I am not sure whether you are asked to do that actually or notionally.—I find no virtue in this. These are perfectly self-contained and separate businesses, and I see no reason why we should put through a real or imaginary selling off and revaluation in order to produce a bit of surplus towards which London has done nothing to contribute, and that they should take advantage of.

2228. To take it to its logical conclusion, you can notionally sell off all the sites of the London railway lines, and say "that is London," and the passenger should have

Further cross-examined by Mr. MURRAY

2234. So far as the question of the through passengers in local trains is concerned, you did deal with the matter on the basis of taking one per cent of the movement expenses?—Of the movement expenses on local trains.

2235. Yes. Do you not recollect that Mr. Whitaker treated this as a revenue matter?—I do recollect his doing so, and it seemed to me wrong to treat it that way.

2236. You would not agree that this could be treated as if it added something to revenue?—No, I think we have a factual figure for revenue from the passengers, subject to the jurisdiction of the Tribunal, and that is the figure we ought to start with. If you started with the revenue item you would be bringing in passenger fares not under the jurisdiction of the Tribunal.

2237. I will not debate the point, because I see your approach, but assuming one per cent is accurate, as you say, would I be right (if it is treated as a revenue item) that this would be £0.4m. of the revenue—or have you not considered that?—I have not.

2238. The point perhaps should be made that WW6, which has been supplied is shown as amended on the 28th April, is it not?—Yes.

2239. You do understand, do you not, that the evidence as given by Mr. Whitaker was based on the exhibits produced on the previous exhibit, dated the 21st April?—Yes, but we advised him before he went in to the box of the change. We did not give him an amended exhibit, but we told him of the fact that an amendment needed to be made as the document previously supplied to him in a letter of the same date, namely the 28th April.

a bonus?—Yes. If all these particular ideas are not accepted, Mr. Whitaker's views would not be very different from mine. Those are the three main reasons why they are.

2229. There is one other matter I would like to put to you: I do not think I asked you in chief whether the figures you gave last time by way of quantifying the minimum surplus which is considered necessary still obtain. You said over and above interest charge, the London Area ought to be in a position to meet the replacement uplift and also the current capital expenditure of a non-remunerative nature?—Yes.

2230. You gave figures of £5m. for the replacement element, to bridge the gap between historic cost and replacement renewal, and £1m. for non-productive capital expenditure?—Yes.

2231. What do you say about those figures?—I have not examined them again in detail, but I see no reason to assume that the position would be significantly different from what it was 18 months ago.

2232. It is clear you have been answering a great number of questions of Mr. Whitaker's. Have you had an approach from the Greater London Council to consult with Mr. Hill, their adviser?—Yes, throughout the past year we have, from time to time, supplied them with detailed information and background to the London Lines exercise, culminating in the request that I should see, and discuss this, with Mr. Hill.

2232a. But that meeting did not take place?—No, there was no approach to hold that meeting.

2233. Was Mr. Hill here at the inquiry?—Yes, for a short time.

(Mr. Mercer): There are a few questions which I would like to put to the witness, Sir.

(President): Very well.

2240. On the basis of this letter, was there not reference to the total cost of through trains by form of traction—do you remember if there was reference to that matter?—There was reference to a very large number of matters. Which page is this?

2241. Page 2 of the letter; I did not want to produce the letter, unless necessary.—Yes, I see the table there.

2242. Do I understand from your evidence that what is intended to be amended is the apportionment cost?—Yes.

2243. You only put that in because it does explain Mr. Whitaker's evidence on that point?—I agree that the phrase "the total cost of through trains" could have been better put. I apologise if I have misled you on that.

2244. I wanted to have that point clear for the record. Do you agree?—Yes.

2245. So we can take it, can we, that this question about the amortisation figures is resolved up to the present—that they have been, in a sense, charged twice?—No, no. I have used one method in the exhibit, which is to charge a reasonable charge for renewal, and I have used another method in the exhibit supporting the interest calculations, but there is no duplication. There is an assumption, which I am unable to verify exactly, that the two figures come to about the same, but there is no duplication. These are not extracts from double entry books that Mr. Whitaker is looking for. These are cost exercises, and the fact you do one costing exercise on one basis, and another on another, does not mean that it is duplication.

2246. Which is the same point you have made before?—I do not recollect making it.

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MR. WHITAKER WINCHESTER

[Continued]

2247. I thought you made the point before that the exercise in one connection is not necessarily based upon the same premise as another. Are you not saying that your WW2, for example, is not based upon the strict accounting as is contained in your balance sheet?—That is so; I went out of my way to say that there is one exception from normal accounting principles in WW 1.

2248. Sometimes, apparently, we can agree. The matter which I am not clear about, as a result of your evidence this morning, is this: You do recollect, do you not, as part of this question of interest, there was reference in Mr. Whitaker's evidence to the interest saving or allowance which could be entered for in respect of season tickets?—Yes.

2249. Do I take it that that proposition is agreed by you now?—No. He never brought it in to account in any of his calculations. I do not see how a specific calculation could be made—or at least he never brought it in to account in this case, because where he apportions the working capital he has made a specific calculation to reduce the working capital required by London, on JHW 4, sheet 13, and that is more or less right.

2250. Other than that, you remain unconvinced in respect of his evidence so far as the pre-payment of season tickets is concerned?—I do not see any need to make any adjustment to my figures for that factor.

2251. Because what he said was that the amount of interest which should be saved in the future year was £0.102m., according to my note?—Yes; I did not quite see how that fitted into the scheme of my calculations at all. It is an interesting fact, but I did not see its relevance.

2252. In any event I am putting it to you, and you are saying that up to the present you are unable to accept that point. Is that right?—That is so.

2253. Are you saying that the parcels and mails point is that these vehicles which carry parcels and mails do not contribute to revenue,—I do not think that is what I said—I said that there is very little carriage of parcels and mails on the London Area trains. That was the main substance of my comments.

2254. So you consider there may be something in it, but not very much?—I do not think it is enough to need to be taken into account, because it would drop out in the roundings.

2255. So your summation is that there is some deduction to be made from your expenditure account, but not of the order as suggested by Mr. Whitaker?—That is so.

2256. That is what it amounts to?—Yes.

2257. To deal with the question broadly, you are, as I understand it, agreeing that some of his points have validity; that is so, is it not?—Yes.

2258. Insofar as they have validity, they have a financial implication?—Yes.

2259. In other respects, you are unable to accept his contentions?—That is so.

Further cross-examined by Mr. MACLAREN

2267. Just in answer to Mr. Fay, in relation to your correspondence with Mr. Hill, it is quite right that, through the Council, Mr. Hill asked certain questions of the Board, and they were asked, I think, in the correspondence which started in February 1965 and which continued in May?—There was more than one set of questions, yes.

2268. The last set of questions was on the 5th May 1965?—Yes.

2269. Are you also saying there may be something in some of the other matters, or are you dismissing them completely?—I am not accepting there is anything in the other points, no—with this one proviso: There is, at this stage, some trifling point in the parcels matter, but it is so small that it could properly be ignored.

2261. This is rather what you have said in the past. You are saying now what you said previously, that there is something in parcels but you are not prepared to agree it is of the significance suggested by Mr. Whitaker?—That is so.

2262. On this question of the savings in respect of what I might call the Hither Green to Glasgow passenger, it is true, is it not, that there is a large amount of advertising proposing that the passenger should take advantage of these interchange facilities?—I was not aware of it, but I take it from you there is advertising that those facilities are available.

2263. I have a circular here which has been issued at Euston, where people are told that cheap day and cheap return tickets can be obtained from stations south of Wexford for Nuneaton, Stafford, and all points north and which are available for travel via Euston, and that passengers can, if they wish, take advantage of the facility from Kilburn, Queen's Park, and go to Euston rather than Wexford, if it is their wish to do so. You know of that?—Yes. I accept it from you.

2264. There are various circulars which set out the different suburban stations at which tickets are issued, and in respect of which travel is available to points outside the area.

(Mr. Fay): I can assure my learned friend we have given him £0.1m. and with respect, is he suggesting it is not enough?

(Mr. Mercer): It is up to you, as to what it should be.

(Mr. Fay): Does my learned friend suggest 2 per cent?

(Mr. Mercer): No, at least 1.59.—It should be 1.32, but on the other hand I have rounded up the interest.

2265. I am told that traffic and signalling would be 8.4, general administration would be 3.5, interest 4 per cent, making a total of 15.9, of which one per cent would be £0.159m.—I do not see the point of adding in these other elements. There is a little in the track point, I agree.

2266. So there is £0.02m. difference between us?—If that were all, that would be very nice.

(President): Have you agreed amongst yourselves in what order you are to address us?

(Mr. Fay): Before speeches, Sir—I have no re-examination—I did want to say that Mr. Winchester is prepared to deal with any of the points raised yesterday, on which the Tribunal may need further explanation?

(Mr. MacLaren): I was wishing to ask Mr. Winchester some questions very briefly on the additional evidence he gave about Mr. Hill, in chief in answer to Mr. Fay.

(President): Very well.

2269. To which you very kindly provided answers, and agreed to meet Mr. Hill, by your letter of January of this year?—That is so.

2270. I am sure you will accept it from me, my instructions from Mr. Hill are that he simply has not asked for an appointment because you had this inquiry on your hands by January, 1966.

(Mr. Fay): There is no question about that.

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[Continued]

(Mr. MacLaren): Thank you; that is so.

(Mr. Fay): My learned friend, Mr. Molloy, did want to put a letter to Mr. Pentney, which indeed does explore Mr. Pentney's evidence about the number of reduced rate juveniles tickets, and if the Tribunal is willing, I will recall him for that purpose.

(President): Very well.

2271. (Sir Thomas Robinson) (To the witness): Mr. Fay asked you the minimum surplus that you considered British Railways should aim for in the London area. Would you mind summarising that, as you now see it, so that we may have the record clear?—I was accepting what you said last time that the irreducible minimum would be to uplift depreciation at historic cost to renewal basis, and that I said last year I estimated at £0.5m. I have not re-examined the matter in detail, but I have no reason to think that that figure would be different if I did so. The second element was a provision towards financing capital expenditure which would be unremunerative—such items as safety measures, staff welfare and amenities at stations

and so on. Last year, when I gave evidence on that, I arrived at what I thought was a reasonably likely cost in the next few years of £3m. a year. Again, I have not looked at the matter in detail, but I have no reason to think, if I did so, that I would come to a different answer. Mr. Fay did not go beyond that. These are what you describe as your "original minimum" and I also accept what you said last time that you would want to aim, if possible, at something a little more than that—there should be some margin for contingencies—and in fact you gave us £1.5m. last time, and I would not regard that as unreasonable.

2272. Plus, over and above that, you have the interest to recover?—Yes.

2273. Am I right in thinking that this would be about £3.8m.?—Yes.

2274. And the figures you mention add up to £4.5m., plus what the Tribunal thought was desirable you should have?—Yes, that compares with 4.29 and 4.3 in my estimate of what we will get.

(The witness withdraws)

MR. JAMES HENRY PENTNEY, recalled

Further examined by MR. CRAWFORD

2275. Before I leave you to the matter of my learned friend Mr. MacLaren, would you please look at question 652 in the transcript of the Third Day?—Yes.

2276. That was when you were dealing with the 11,500 forms which had been examined by you, and back to question 636, when you were dealing with the concessions which were given to people over school age?—Yes.

2277. To your answer, 652, you said that 11,500 forms had been examined, and that the overwhelming proportion of them were in respect of the two-thirds rate applications, and that out of 11,500 forms, only 290 were for half rate. Do you wish to make any correction to the figure of 290?—Yes. I have had a further look at best information which led me to make that statement, and I accept the half rates are not to be taken into consideration; they are in respect of school children and my figures should have been 11,244 wholly two-third rate forms.

I did mention at question 663, in answer to the question about this, that it related only to the two-third rate tickets.

2278. The position is when you made that correction, the 290 half rate should be totally ignored because they are school children, with whom we are not concerned in any event?—Yes.

2279. And the 11,250 are entirely two-third rate tickets?—Yes.

2280. Was the object of taking that analysis to determine, as you have put it, the relativity of makes to females taking the two-thirds rate?—Yes, and of course the distribution of the occupations.

(Mr. Crawford): Thank you; perhaps my learned friend Mr. MacLaren will now ask what he wants.

Cross-examined by MR. MACLAREN

2281. I have one question on what you have just said. As I understand it, these 11,500 are all two-third rates?—11,250 are on two-third rates.

2282. And the 290 figure has nothing to do with the issues before the Tribunal—nothing at all?—No.

2283. So the contrast between the 11,500 and the 290 is just irrelevant?—It is, and I apologise.

2283a. I would like to ask you a question about a letter which Council received from the Board dated the 26th July, 1966—and I believe the Tribunal has copies of this.

(President): Yes.

2284. (Mr. MacLaren): You have that in front of you?—I have a copy.

2285. I will read it out: "In reply to your letter of the 15th April, three copies of a diagram were handed to your representative at the Inquiry yesterday. The answers to your further questions are:—(a) No precise details are available of the number of ticket holders, partially employed, at half and two-third rates. It is, however, estimated that at any one time there are current 3,600 half rate and 18,500 two-thirds rate season tickets. If the concessions are withdrawn, it is possible that there may be a loss of, say, 1,650 ticket holders comprising 650 who formerly travelled at half rate and 1,000 at

two-thirds rate." Would you look at your exhibit IP 5, at the same time as we are considering this? There is a table at the bottom which deals with this, and if you look at the column headed "discount applied" in relation to the two-third rate ticket that column states a 5 per cent discount, and in relation to the half-rate it states 10 per cent?—Yes.

2286. The figures in your letter, as a matter of pure arithmetic, set the loss of travellers, and you say that 1,650 ticket holders comprising 650 who formerly travelled at half rate, and 1,000 at two-third rates. The 650 applied to the 3,600 is a little over 5 per cent, is it not? Or am I wrong?—650 applied to what?—?

2287. I am sorry; I am misleading you. Are you not saying that 650 ticket holders will be lost out of the current 3,600?—Yes, half rate, 650 half rate travellers out of the 3,600.

2288. What percentage is 650 of 3,600?—It is about 20 per cent.

2289. Just under 20 per cent?—Yes.

2290. If we look at the other figure, 1,650 ticket holders, two-thirds rate out of 18,500, that is about 54 per cent?—It is about that, yes.

2291. Can you tell the Tribunal how you arrive at the figure of 10 per cent for discount applied to half-rate

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Mr. JAMES HENRY PENTNEY

[Continued]

tickets, when the actual number of ticket holders lost is expected to be of the order of 20 per cent?—The 5 per cent and 10 per cent applied was in relation to revenue. The figures for loss of travellers should more or less correspond to that. It looks as though the 1,000 at two-thirds rates is about right, but it may be we have got a calculating error in the 650.

2292. You will remember in cross-examination it was put to you, with some emphasis, that the proper discount would be some 20 per cent?—I think it was. I think it was suggested, because London Transport had put 20 per cent in, that we also ought to put 20 per cent in.

2293. Yes, I think that was suggested also. — My answer to that was that I did not think we necessarily had to have the same rate of discount as London Transport, because there is some difference in the two traffic.

2294. Do you now accept 20 per cent would be an appropriate figure there?—I do not think I would accept it. I should like to have a look at the calculations whereby we arrived at the 650. We wrote this letter on the 20th

April, and it was rather hurriedly done. I am not sure how we arrived at it.

2295. But you were recalled specifically to deal with this letter, and it is quite plain that the number of ticket holders whom you say will cease to travel at the half rate is just under 20 per cent of the ticket holders?—I do not think I am saying that because we start off our letter by saying there are no precise details, and we make a shot of the estimated figure of travellers that we say it is possible we may lose.

2296. You think you may lose 20 per cent; can I put it that way?—We may lose 20 per cent.

2297. This was a written answer to a question from the Council, and I have no doubt it was seriously considered, and I want to find out quite simply: if this letter is correct, the loss of 650 ticket holders out of 3,600 means a loss of just under 20 per cent, does it not?—Yes.

2298. Quite, and the other figure means that you would have a loss of 5½ per cent?—About that, yes.

(The witness withdrew)

(President): I noticed, when we turned to the notes of Mr. Pentney's evidence, the numbering seems to have gone wrong on pages 38 and 39. It would seem that the numbers of 652 onwards have been duplicated.

(Mr. Crawford): Are you looking at the Third Day, Sir? It would appear that the transcript has been bound in the wrong order, and that pages 36 and 37 succeed page 38.

(President): That does not alter the fact there are two sets of questions with the same numbers.

(Mr. Crawford): I had not noted that; I was in some difficulty in finding the appropriate page.

(President): Perhaps somebody could work out what amendment is necessary to deal with it properly.

(Mr. Crawford): 650 is the question you had in mind, Sir?

(President): Yes, on page 38. I did not notice that the pages were in the wrong order as well.

(Mr. Crawford): Yes, Sir, and it is bound in the opposite direction to the others. However, I will see that this is corrected.

(Mr. Parker): May it please you, Sir: it is now for me to address you on behalf of the South Essex Traffic Advisory Committee and the Borough of Barking. I know that many matters which affect persons in the area which I represent are common to matters which affect the Greater London Council, and for that reason I do not propose to survey the whole field of this inquiry, but to try and confine what I have to say to matters which are, to some extent, peculiar and limited to the areas which I represent.

There are two main matters about which I wish to address the Tribunal: one relates to the Fenchurch Street Line and the schedule of fares applicable to that line, and secondly I would wish to make certain specific observations with regard to the concessionary fares to young persons, either at the half rate or at the two-thirds rate. It might perhaps be more convenient, and I can take it very shortly, to deal with the question of the Fenchurch Street Line and the new fares proposed for that line, and the criticisms which those I represent wish to make in relation to those fares.

The position, of course, is a curious one: The line is a British Railways line, and the fare structure is one which in my submission was the Tribunal's opinion last year and everybody's opinion until last year, for very good

reasons it was obviously desirable that the fares should relate to the scale of fares applicable to London Transport. That has meant that really one is in this position, that nevertheless British Railways are putting forward, as they have to do for those very good reasons, a schedule of fares which in a sense, although they insist that it is their own schedule, is one which is different in no respect at all as to any particular charges from those which relate to London Transport.

The matter on which I wish to make criticism is one which, in a sense, although directed to this schedule, is in a sense fundamental to the approach of the two Boards to the whole question of the percentage increase in fares in the London area. You will remember the evidence on the earlier Application of London Transport as to the desirability of weighting the increases at the lower end of the mileage scale, and the admission that really the reason for that was that that is where the traffic lies, where it is heaviest, and where the revenue is collected. When one relates that broader commercial proposition to the commuter living on the Fenchurch Street Line, in the area with which we are concerned from Barking to Upminster, one finds that because of a scale which as I understand it, was worked out largely in an arbitrary fashion ("arbitrary" in the sense that it was admitted by London Transport it was thought right to deal with this on the basis of the 3d. increases because that is what the public understands—though I should have thought any increase which affected the public's pocket was an increase which the public could well understand, whether it was a 3d. increase or some lesser sum).

However when one looks at the way in which it works out, it is perhaps convenient to look at exhibit IP1 which is British Railways' exact copy of the London Transport schedule of charges. One finds, starting at the Barking and Upminster or Fenchurch Street Line, and going onwards, that Barking being a 10 mile journey if one takes Charing Cross as a terminal point, and Upminster being 13 miles, if one takes Charing Cross as the terminal point, or if one equals it between those distances, one is faced with a percentage increase for the journey which is variable, dependent on where you get on. A passenger travelling from Barking to Charing Cross is faced, under the proposed scales, with an increase of 10 per cent in the amount he must pay daily on a journey into Central London. At the Upminster end of the scale the increase is 4½ per cent. Although there is a decrease down the scale from 10 to 4½, the drops down between one station and another are by no means constant. It cannot even be justified upon the basis of a public percentage drop between one station and the next.

I draw your attention to that matter because, in my submission, to the Tribunal, when one is considering the rightness of charges to be imposed upon the public three matters ought to be considered by this Tribunal. The first

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[Continued]

of those three matters is obviously the revenue consideration, but the other consideration which ought to be considered, in my submission, is the sharing of the burden between members of the travelling public generally—and I am not here dealing with special sections of travellers, but the public generally—and for persons regularly using transport to find that the amount that they have to pay on a journey is variable as to increase depending on what station they get on at, in my submission, is a very curious approach for an important authority to put forward and one which, in the age in which we live, is wholly wrong.

The second matter which I advance for your consideration in relation to this—and, after all, it is a matter which is of importance in the economy of the country and, therefore, in the economy of British Railways or London Transport as much as anybody else—is the desirability of restraining increases in prices to within the annual region of 3½ per cent. I accept at once that it is obvious, as indeed one of the witnesses said to me the other day, the difficulty about that is if we did that the revenue would not be there. I take the point and accept it (but, in my submission, much more consideration should be given and could have been given to the weighting of the increases at the lower end of the scale as opposed to the higher end of the scale so that for persons who have got what might well be an important budgetary item which will affect the cost of living, which in turn will affect wage demands, and so on, about which they are really committed to spend particular sums of money, much more consideration should have been given to lowering the increases at the higher end even if that meant putting more money on the increases at the lower end. I would have submitted that it is by no means clear that if that had been done, particularly in view of the admission by London Transport—though not by British Railways—that really this is British Railways following on the London Transport scale, really the revenue at the lower end of the scale could have been increased and then certainly the persons I represent living in a dormitory area could have had a less high percentage increase.

The other matter which might well be considered in the light of the 3½ per cent norm is that by advancing this line of approach of weighting it at the lower end much more than at the other end the whole cost of living position in relation to out of London would have been stabilised. So that is the aspect of the matter in relation to this scale which I ask you to consider, bearing in mind that certainly London Transport told us that they had never given any consideration at all to the question of the guiding light of 3½ per cent and Mr. Pentney for British Railways said he did not think it was applicable to the question of transport fares at all. It may not be from a costing or actuarial or revenue-producing point of view, but in my submission it is a matter which this Tribunal, with the very wide powers that it has, ought to take into account in considering these fares. My submission is that really the scales proposed should be rejected by this Tribunal and that the prevailing scales operating on this line should continue until such time as something more realistic from the point of view of the travelling public has been produced.

There is also this matter: one hears so often about the desirability of spreading the load of traffic, of getting people to travel at the off-peak times, and so on. This is something which is said by British Railways and it is said by London Transport. Certainly those living in the area covered by Barking and South Essex find this difficult to reconcile with the policy of British Railways in doing away with cheap day concessions so that they are the only part of London where cheap fares at off-peak periods on journeys into London do not operate. It makes the burden as far as paying the charges proposed on this line are concerned considerably heavier. Nobody can gain by trying to work at off-peak hours or by travelling for any reason at off-peak hours and so generally easing the problems of the transport authorities in the area covered by the Upminster line.

I turn now, quite shortly, to the question of the concessionary areas. I propose to deal with them shortly because I know that Mr. Melony for the Greater London Council has a certain amount to say about it as indeed do other of my learned friends here today, but there are, however, certain matters which I wish to place before you.

First of all, the South Essex Traffic Advisory Committee has always regarded itself as being peculiarly concerned with the interests of young persons, and, indeed, that Committee and the Borough of Barking are concerned that persons having left school should take employment with prospects, that they should learn trades and become skilled, that they should take further education of a type which might involve them working for part of the time; and, those being matters about which they feel peculiarly concerned, the proposals now made both by London Transport and by British Railways frankly cause great consternation to them.

The position is this, as I understand it. What is really being said by the Applicants here can be put in two ways: one is "Well, these young persons are occupying seats, they are taking up the same amount of space as anybody else who uses these trains, to some extent they are travelling at the same hours that anybody else would be travelling, they have the same facilities." And it is equally said—in fact it was said by Mr. Fay in his opening to us on this branch of his case—that in this day and age, with the money which is received by many young people, it is quite unrealistic that they should be granted concessionary rates. My submission about that can be put in this way: on the general question of occupying space (and this is an argument which, as I understand it, is accepted by the authorities) this applies not only to people at work, but people in full-time education, it applies to people in full-time education whether they are under the age of 14 or over the age of 14. What is really being said is that there is no justification at all, as a matter of theory or, to use Mr. Fay's own words, social philosophy for two scales of fares, one for the young and one for the mature. Indeed, those whom I represent apprehend that this is the thin end of the wedge, that if British Railways and London Transport succeed in this Application, next year when they come for further increase of fares generally they will be seeking to do away with the educational season ticket concession, and no doubt the year after when they apply for yet another increase all half fares for children of whatever age unless, perhaps, they are sitting on their mother's lap. This is only a beginning, and this is a matter which needs the most careful consideration, in my submission, by the Tribunal.

It has been said that as a matter of logic or philosophy it cannot be justified. All I am prepared today to do with regard to that matter is to say this, that dealing with the actual Applications before this Tribunal two matters arise. When one goes into the question of social philosophy this cannot be dealt with simply on the basis that somebody is occupying a seat. If we are dealing with it as an argument in philosophy the State, the Community, has always regarded young people as being in a special position. It has always regarded it as desirable that they should be educated, and so on. If one is dealing with it upon the basis of concessionary tickets to particular categories of young persons, they certainly shone, I think we were told, the year 1928 concessions have been given to persons who have been in work, concessions of some kind, 1928 is a long time ago now, but the Railways and the transport systems of London have been operated on this basis for the best part of 40 years, and I would have submitted that it would need a very formidable case to be put forward before that which has gone on for the best part of 40 years is altered by this Tribunal, and one seeks to see what are the compelling arguments which are put forward.

These fall into two parts: Firstly, what are the compelling arguments in relation to young persons earning more than 25s. 0d. a week, and, secondly, what are the compelling arguments in relation to persons earning less than 25s. 0d. a week?

Dealing with the more than 25s. 0d. a week first, we understand the case is put that these people are earning considerable sums of money; why should they not pay, they have less responsibility than many older people? When one looks into the position, however, the argument about the considerable sums of money which it is alleged are being earned between the ages with which the Tribunal are concerned, in my submission, is an argument which has been greatly over-stated. No doubt there are some

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people, we heard of certain examples from Mr. Pentney, who are earning substantial sums of money; but it is quite clear from the detailed evidence which you have heard that there are considerably more people who are earning a great deal less than that. When one sees what people going into semi-skilled or skilled jobs at the age of 16 or thereabouts are likely to earn in their first two years, the amounts, having regard to the distances that those persons have got to travel, are not substantial sums of money and the fares that they have to pay, if they have to pay the rates which are being asked at full rate, would eat up a considerable proportion of the wages which they receive at the present time. That is quite clear when you look at the Greater London Council's exhibits. I do not propose to dwell on it at great length but to leave that to Mr. Molony, but the broad position is that anybody living in the suburbs coming to London is going to be faced with considerable inroads into the relatively small remuneration which he receives.

The next matter is this, and it relates to the under 25s. 0d. persons, the half rate concession: there is, in my submission, so little money in this from a revenue point of view for either London Transport or for British Railways that it is not really worth giving away this concession for the sake of what they will receive in return. We were told about 100 persons as far as London Transport were concerned and it is about 3,500 young people as far as British Railways are concerned, and one is faced with the position that I think it is now conceded on the evidence that there is likely to be something in the nature of a 20 per cent drop in the number of persons carried by both these authorities in the event of that concession being done away with. When one looks at what it is likely to mean in terms of costs if there is abolition of the 25s. 0d. concession to young persons, one does find, in my submission, a really disturbing state of affairs. The monthly season ticket rate for a 10 mile journey is £4 13s. 0d. under the new rate. At the old rate of £4 10s. 0d. one of those young people was paying £2 5s. 0d. He is going to jump from £2 5s. 0d. to £4 13s. 0d., receiving by way of remuneration less than 25s. 0d. a week. He has only got to do an 11 mile journey and as far as the area that I am concerned with is concerned, the monthly season ticket rate is £5 and with 25s. 0d. a week that means that if the Tribunal gives effect to this matter the whole of the small remuneration that he receives disappears in travel alone. That cannot be right, in my submission to the Tribunal. The numbers of persons concerned are small, very small. Those I represent have put in their notice of objection that they wish to recommend to this Tribunal that the Tribunal raises the concession. They have not indicated an amount, but I will come back to the question of raising it in a moment.

It is, after all, in the interests of the Community and in the long run perhaps of London Transport that people should be trained as Accountants, Architects, in professions at places where people receive salaries and very, very small remuneration. The best places are in the centre of London, there is no possibility of going elsewhere, and I would have submitted that to impose these rates on people earning such fantastically small sums of money would be wrong. One does not complain of their being paid small sums of money because, really, they are going through a form of education and receiving a little bit of remuneration on top, that is what it amounts to; but to seek to impose these fares upon such people is wholly wrong.

The next aspect of the matter that I briefly deal with is that recommendation put in by the Objectors that I represent. It is interesting that the purchasing value of the pound had dropped from 20s. 0d. to, I think, 18s. 7d. between 1928 and 1947 when the concessionary rate was raised from 18s. 0d. to 25s. 0d. The purchasing value of the pound from 1947 to the present day has dropped from 20s. 0d. to 16s. 0d., it is exactly half what it was when the last increase in this concession was made. I would have submitted that it would be right for this Tribunal, in those circumstances, to say the time has come, as far as the half rate concession for persons earning less than 25s. 0d. a week is concerned, for that to be raised. It is not for me to say by how much, but

you will remember the evidence or the representative of the Greater London Council and also Mr. Lloyd that even if this rate was doubled or even trebled the number of persons affected would remain very, very small because anybody in full-time employment being apprenticed would be outside certainly a doubling of the rate. It would still only relate to persons who were receiving very small wages where they were really being trained for a professional job, and if this Tribunal were to increase the figure in the Order from 25s. 0d. to 50s. 0d. the revenue loss to either of these bodies would be minimal, in my submission.

I have no more to say on the particular matters which relate to the areas that I represent, but I do ask the Tribunal to give effect to those submissions.

(Mr. Mercer): Sir, I appear on behalf of the Travellers' Associations. This is an Application by the British Railways Board which has been summarised in their written case. Under their Application they set out that the present Application is for an Order to raise the charges introduced by their Notice of January and to make three further changes in the Order. They have told us that the effect of the Notice was to abolish the maximum ordinary fares at 1½ and 2½ miles on the Board's Fenchurch Street lines; to increase the maximum ordinary fares at 4 to 12 miles on the Board's lines including their Fenchurch Street lines; to increase the maximum ordinary fares at other distances on the Board's Fenchurch Street lines, and to increase maximum season ticket rates by approximately 5 per cent. Then their further changes are to increase to 3.25d. per mile the rate at which second-class maximum single fares are calculated under paragraph 8(b) of the Order from 9 miles onwards; to withdraw concessionary half and two-thirds season ticket rates in respect of certain juveniles who are not undergoing full daytime courses of training and are in receipt of remuneration, and then to make what they call reasonable charges for the conveyance of excess luggage, and then certain minor and consequential amendments which are proposed to be made to the Order.

The financial case has been put by the Board's witnesses and, in my submission, the Tribunal might think that Mr. Winchester in presenting his WW exhibits and his evidence has canvassed these matters with his usual ability and no doubt the Tribunal will not think it detracts from Mr. Winchester's evidence that in some respects he considers that his evidence ought to be amended. In my submission, Sir, there has also been a great amount of work put in by the Committee and the evidence given by Mr. Whitaker has been of great assistance to this Tribunal.

The case as put by the Associations whom I represent dealt with one or two aspects of the revenue matters and a great number of aspects of expenses matters. It is, perhaps, useful at this stage to have regard to the way in which British Railways' evidence has in the past been regarded and to consider how far it ought to be regarded at the present inquiry. It has generally been conceded that the organisation of London Transport as an entity operating in the London area has a certain validity from the point of view of considering the possible receipts and expenditure of an undertaking operating in the area. So far as British Railways are concerned, one has to take a sort of notional half of the whole so far as one cannot find an actual part, but whatever one does one has to realise that in many cases there are apportionments of revenues and costs and that this exercise has usefulness, as it has been regarded in the past, in showing as how far the London Transport figures can be relied on in order to deduce what ought to be proper fares under a similar procedure for the London area. You might come to the conclusion on this occasion that the British Railways' figures and the British Railways' evidence as it has been tested does not furnish any case for further increases in the London area having regard in particular to the further evidence given by the Board in the passages of Mr. Whitaker's latest evidence.

The case as put by the Association does, as I said, deal first with the revenue matters, and WW1 sets out that

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total receipts are expected in a future year of £27.6m. and you may remember that under cross-examination it was admitted by the Board's witnesses that they would hope in a future year that that would be an understatement rather than an over-statement. It was put to the witnesses by me that a number of the factors which had been taken into account in arriving at the figures given were temporary at least and it was to be hoped that they would not occur in the future year, and generally I think it was agreed that that was the position. So you do start with a figure of income which, as I submitted, earlier, in if anything under-stated rather than over-stated and that, of course, is a hopeful sign so far as British Railways are concerned, but it is a point in this regard, that if you impose further increases you do then impose a depressive effect upon the undertaking. In other words, if there is any possibility of avoiding increases you encourage this growth which it is hoped will take place, and every effort, in my submission, should be made to avoid further increases in order that these receipts should be allowed to increase and to develop in the interests of the Board and of the London passengers.

The figure of revenue is set out and was derived originally from the actual figure of receipts relating to the London Area, but, of course, as has been brought out by Mr. Whitaker's evidence, there is in the London Area a great deal of traffic which is traffic partly within and partly without the Area and this traffic does yield revenue which is not included in these figures. From Mr. Winchester's point of view this is not a revenue point it is an expenditure point, but we do not want to be bogged down by technicalities and in fact, of course, we are dealing with receipts and these are receipts over and above those which are set out in this table. If, on the other hand, we are in regard them as expenditure, then, in my submission, there is rather more in them than Mr. Winchester appears to want to admit.

If we again look at WW 1 and, first of all, if we go back to the revenue point, if we took Mr. Winchester's 1 per cent we should have £0.3m. straight away. If, on the other hand, we take the 1 per cent of line 4, which is £13.2m., and of line 8, which is £8.4m., and line 9, which is £5.2m., and then we turn over to WW 4 and we take 1 per cent of the total of line 10, we do arrive again at a figure of £0.3m. So that, in my submission, it does seem possible that there is more in these items than Mr. Winchester would admit and perhaps the Tribunal would consider it. Of course, you do not know what it is and we do not know, but I am submitting on this point that there is something in this item and that has been admitted by the Board's witnesses, and if there is something in this item then that reinforces the point which I have made about the possibility for the Board in the future and what ought to be done by way of avoiding any depressive effects upon the activities of the Board in the future year.

The evidence and the case as made by the Association then dealt with various of the expense items which I will just briefly refer to in order to bring those matters to a head, in my submission. Mr. Whitaker's evidence was directed to a number of matters, in particular to this question of movement expenses and the question of the depreciation of various assets. The figures as put by Mr. Whitaker may not in all cases have been accepted by the Board, but, again, I would submit that the Tribunal is entitled to give consideration to the view that insofar as we are regarding the London Area as a separate entity it does seem that this separate area is not entitled to be charged expenses on such a scale as is suggested by the Board. Again, in my submission, it is unwise to have regard to these figures to their full extent if it is going to result in the imposition of charges which will have an adverse effect upon the undertaking as a whole.

(Adjourned for a short time)

(Mr. Mercer): Before the adjournment I was giving the committee's case in respect of these matters of capital expenditure and interest charges, and it might be helpful if I gave a little illustration which can perhaps assist on this point.

There was, you remember, an admission by Mr. Winchester with regard to the figures of depreciation as to the evidence given by Mr. Whitaker with regard to the depreciation of the pre-1956 assets. The Transport Act of 1962, in section 40, dealt with the question of the Railways Board's suspended debt, and in sub-section (3) said: "For the purposes of the last foregoing sub-section any securities which vest in the Railways Board under this Part of the Act shall be treated as if they were assets created by the Commission since the end of the year nineteen hundred and fifty-five." You heard the evidence as given by Mr. Whitaker and as commented upon by Mr. Winchester, and in my submission it is clear that, again, this is a factor which ought to be taken into account in considering what charges should be levied against London and that there ought to be as precise a valuation as possible and as careful an appraisal as possible before fares are increased in order to provide for items which do not exist or do not exist to the extent otherwise thought.

The next matter which the Association dealt with in their evidence was a matter which, apparently, was accepted by Mr. Winchester, and that is that if one is considering the London area one ought to have regard to the saving to the Board in respect of the payment of seven tickets, and it seems difficult, in my submission, not to come to the conclusion that if you are considering various types of tickets and various types of traffic in relation to tickets you have got to come to the conclusion that there is a saving to the Board by the prepayment of seven tickets in respect of which, as Mr. Whitaker would estimate, there is at least £0.1m. involved. Again if this is a debatable point, it is something which indicates that there is rather less to be charged against London in relation to this particular topic.

The Association dealt with the question of amortisation and this is a matter, again, for the Tribunal to decide how far on that aspect of the matter there is some saving so far as London is concerned.

One of the further matters which, apparently, still results in a difference between the Board and those whom I represent and between the Board and Objectors in previous years is the question of parcels and mail on passenger trains. The Board seem to adopt the view that no income in respect of this activity should be allowed in their computation of the income and expenditure for the London area. It is rather difficult to agree with that conclusion when one has regard to the stock which is used and provided for the carriage of parcels and mails. Again on that item, in my submission, you ought to say there is something which cannot be evaluated precisely, perhaps, but you can decide not to accept the figure given by Mr. Winchester. But if the Board are undecided as to the amount, it is to be noted that the Board are not saying there is a loss in respect of this item so it is rather difficult to say there is no balance and so one comes to the conclusion that there must be something to be added in respect of London for this activity.

Then of course, there was a further old topic with regard to the letting of railway property, and on this occasion the evidence put in by the Travellers Associations did narrow this question down to the letting of railway property properly ancillary to the passenger activities and there is, in my submission, a clear case for including some of this revenue for London. It may be an area of dispute as to how far one is entitled to allow revenue in respect of properties under some of the older Railway Acts it was so provided as I recollect; however, that might be, it does seem to me, and I would submit, that insofar as one considers Mr. Whitaker's allowances, they are an integral part of the railway operation of passenger services and a due proportion of the revenue should be credited to passengers.

In the 1964 British Railways report and accounts, page 7 of the accounts section, table 1B, the balance sheet, there is an item half-way down the page labelled 3-C, interest on other transport undertakings, £2.8m. This investment apparently brings in to British Railways a small amount of

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income, and the point Mr. Whitaker was making in his sheets 12 to 16 of JPHW 4 is that this sort of income reduces the interest charges on British Railways as a whole, and as the interest charges are based on the net capital expenditure since 1955 it would be reasonable to offset those amounts of interest against the interest charges on such items as the deposits at savings bank—the savings bank balances—before allocating part of these interest charges for London, and what he was endeavouring to put was that the non-railway operations of British Railways can be looked upon as separate investments, and again their net receipts can be treated as interest from investments and a deduction made.

That is illustrative of the point which he made—and you may remember his point about the possible sale of Waterloo Station and rebuilding the station at Vauxhall where, on the way in which the board were endeavouring to put their case, there could be in such circumstances no credit to London in respect of matters where London was purely involved.

The next matter which I desire to draw attention to and make submissions on is with respect to this point which Mr. Whitaker raised about the use of area trains by non-area passenger staff. It may not be a substantial item, but it does represent some element of expenditure. You will remember that I did endeavour to elicit these figures from the Board's and London Transport's witnesses without success, apart from a figure of £10,000 which was given as being part of the clearance attributable to use by the staff of one Board as against the other. We have no separate figure, only this figure which is said to be a balancing figure.

But again this is a matter where there is a disadvantage in the accounting in respect of London in the sense that the London lines are being used in respect of personnel who are not associated with London, and one would have thought that this was a factor which ought to have been brought into account in deciding how far London is responsible for the expenses involved.

Finally, on the matters of cost, the questions of track and signalling were raised by Mr. Whitaker, and all we have in reply is the statement that there is a more intensive movement in London which could account for the higher proportion of costs, which rather suggest that there has not been an apportionment in this matter, and one would have thought the figure could be more precise accordingly. However, it leaves an inference that there may be an item there which would show that costs had been allocated on a basis not so favourable to London as there would be if there was a more precise calculation.

Those were the matters which were raised as part of the financial case of the committee. Finally there are those matters of policy which were referred to by Mr. Whitaker and in respect of which I am to make some submissions.

First of all, the matter of the educational and residential season tickets is a matter, in my submission, which ought to be dealt with as a matter of general policy in respect of the undertakings, and it was put (and I reinforce it) that this travel by young people ought to be encouraged, because once this potential traffic is lost then the potential adult users of the undertaking are to that extent discouraged.

One of the main arguments advanced by my learned friend Mr. Fay in this connection is that if one section of travellers does not pay what he would regard as the proper fare, then the other sections have to make up the discrepancy. That is a valid argument in its way. But in this matter we do not seem to know of any demand by passengers, or by any movement on behalf of the adult section of their clientele, that they ought to be relieved of part of their burden and it ought to be thrown on the younger people instead. I asked Mr. Whitaker about this, and he seemed to be of the view that the passengers insofar as they were members of his associations took the view that having had the advantages in their youth they felt it was quite fair that the present youth should also have some advantages.

But my main submission in respect of this matter is that the Tribunal ought not to accept, with respect to the Board,

these sort of proposals put forward with no clear policy and, as it were, in bits. If it is going to be a policy with regard to young people's fares, then the Tribunal should expect the Board to put forward a policy based upon proper considerations of travel and so on and consider such a policy in its entirety. In my submission there is no basis for this part of the application and there is no demand for this alteration, and the fact that some members of the Board have ideas of equity which justify their application should not be sufficient for the Tribunal to grant this part of the application.

A further matter put on behalf of the associations was that there ought to be a fractions rule and that travel would be encouraged if this more elastic policy of charging was adopted, and it was pointed out that the matter of charging by the mile was unfair to travellers. Also it was put (and I would reinforce this) that that part of this application which relies upon the constant reference to the single fare of 3½d. per mile ignores the point that the average revenue per mile is 2½d. or thereabouts, and if one is considering relating London Transport and British Railways services by reference to British Railways' charges, it is more relevant that one should have regard to the average revenue per mile of 2½d., rather than the rate of 3½d. which is charged in some cases and not in others.

It was finally put that we are asked in these matters to consider the policy of assimilation, and if we are going to assimilate, then perhaps we can just as readily assimilate downwards to London Transport as assimilate upwards to the rates which are suggested in respect of British Railways.

Finally, I have been reminded on the question of a comparison of the two services—London Transport and British Railways—that it is interesting to note that in our deliberations, which have lasted over the last several days, with regard to British Railways (although these may not be entirely comparable figures) the London Transport Board's annual report and accounts for 1963 refers on page 102 to the directions by the Minister of 28th March, 1964, in which it is said that the rate of interest payable on the balance of the commencing capital debt of the board outstanding from time to time should be 3·4 per cent per annum.

So I ask you to have regard to these matters when, after considering the case put by the Board, you come to consider how far the case is relevant by comparison with that of the London Transport Board. In my submission there has been no case put forward by the British Railways Board which would justify the Tribunal in coming to a conclusion that any increases were justified over and above what they might decide should be allowed having regard to the London Transport case.

(Mr. Schlemmer): The objection of the Thurrock Urban District Council is directed at only one matter, and that is the ending of the season ticket concessions which are at the moment being enjoyed by, in the main, apprentices and young clerical workers.

It was put to my witness, Councillor Wood, by Mr. Fay that life was cheaper down the Fenchurch Street Line. So it is, in some respects. But this objection is concerned entirely with these season tickets. As far as season tickets are concerned, life is not cheaper down the Fenchurch Street Line, but is exactly the same there as elsewhere, and the relevance of that question to this issue escapes me.

The submissions of the Urban District Council are twofold: firstly they say that this is a commercially an unsound way of raising money, and secondly they say that it is a socially undesirable. As far as the commercial side of the argument is concerned, one was, on looking at JP 5, which was referred to this morning, the passenger resistance allowance, as it is called in some quarters—here it is called discount—which has been applied; that is given at 5 and 10 per cent. During the course of this morning it appeared that 10 per cent might very well be 20 per cent, and indeed this must—as these things always will—be something of a guess. What is clear is that these young persons are the least captive part of the Board's passengers; they are the ones who are not already in a job, as likely as not, and are going to be deterred from travelling to a job.

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Not only are they the least expensive part; they are also potentially the most valuable part, because they will be using the Board's services for the longest time. Therefore one would have thought it was commercially undesirable to discourage this particular class of persons.

As you know, I was not here during the earlier part of this hearing, but I understand it was admitted by the Board that the youth employment service was not consulted as regards the precise wages which were being earned by people, and no detailed survey was done as to what amount of traffic might be lost to the Board as a result of the removal of these concessions. In my submission, purely as a matter of commercial reality, bearing in mind the sort of figures that Mr. Roney gave as the earnings of people in the area (which will no doubt be elaborated by my friend Mr. Molony) this is likely to have a very adverse effect on the total revenue to the Board, and these figures of five and possibly 20 per cent may very well be pessimistic in this regard.

As regards the second heading of the Urban District Council's objection, this is a question of social policy, and it is noteworthy that everyone here agrees, with the exception of my learned friend Mr. Fay's clients, that socially this is undesirable. The basis of this agreement is no doubt that considerable hardship will be caused to young persons earning £4 or £5 per week, which is the agreed figure for apprentices, or £5 to £7 in respect of other employees. The increases in some cases are double, and in some cases half as much again. They are very substantial (but I shall not elaborate). The Urban District Council is afraid that young people may be deterred from working in London, and there may be a pool of unemployed young persons in the area of the Urban District Council, and when they go to the labour exchange, the offer of employment in London, 20 miles away, will hardly be a suitable alternative offer. It is those matters that have very much exercised the minds of the Urban District Council.

Finally it was put by Mr. Fay to Councillor Wood that Thurrock was on the very borderline of the area. There are two comments on that. Firstly of course the further away you are from the centre of the area, the harder you are hit, bearing in mind it is to the centre of the area that everyone travels; and secondly insofar as one is outside the area, one can either adopt the viewpoint of Councillor Wood and take a pessimistic view of what the Board will do there, or one can say even if that is wrong, the Council is rightly concerned for those people who do use the station inside the area, and the fact that the Council has bothered to come here and employ people to put its case for it shows the degree of concern felt in this case by adults who have no personal stake in the matter—and that is how I would like to finish: everyone who has protested on this aspect of the matter dealing with young persons below 18 has appeared not for some fifth-form association but for grown-ups who themselves, in the nature of things, will pay more. But everyone regards this as wrong, and I ask you and the members of your Tribunal to adopt that view.

(President): Is Mr. Auden here?

(There was no response)

(Mr. Molony): In resisting the application of the British Railways Board, the Greater London Council, by whom I am instructed, are supported by the same authorities as heretofore with the addition of the London Borough of Croydon. I ought to correct what I said at an earlier stage: The Borough of Thurrock is not a London Borough, but they are, in both stages of this application, supporters of those who object.

I shall deal first of all with the applications which are founded on the emergency procedure under section 48—and obviously there is a considerable degree of assimilation (if that be the right word) between what is asked for by the British Railways Board and what is asked for by London Transport; they stand together—and we have heard from Mr. Peirney that in fact the major part of the application was put forward in May of last year but were minded to put forward in May of last year but were, jointly with London Transport, dissuaded from so doing by the intervention of the Minister.

The application is subject to the same arguments and contentions which are available to those who object to the London Transport application, and therefore to the appropriate extent I seek to incorporate in my present address that what I said to the Tribunal on the last occasion when I had the pleasure of addressing you, without repeating what I then said. But of course in relation to the Railways Board there are in fact special considerations to which I now turn.

The first special consideration applicable to them is the different legal and financial obligation which arises under section 23 of the Act, providing, as you are well aware, for a measure of assistance from national funds for them for a five year period which has not yet expired, and that means that during the present period their financial obligations are not of so stringent a character as legally at any rate are those of London Transport. Correspondingly it means that their financial needs are not of the same intensity, because relative to the national exchequer the position of British Railways is quite different from that during the current period which applies to London Transport. That is the first consideration relevant to their case as distinct from that of London Transport itself.

But there is a further consideration wholly peculiar to their case and distinguishing it from that of London Transport—a distinction which arises only now that we have been able to see the accounts which are put forward in support of their case, and to make an appropriate comparison between what they are now putting forward through their financial officers and that which they published in their notification earlier this year.

May I refer to section 46 of the Act, under which this part of the application is made to the Tribunal: it is subsection 1, the opening words of which are, making available this temporary authorisation of increased charges: If it appears to the London Board or the Railways Board that there has been or will be an increase in costs or a fall in revenue which will seriously affect their financial position unless met quickly by an increase in their charges they may by notice publish in the "London Gazette" and in such other manner as may appear to them best adapted for informing persons affected declare that their maximum charges as from a date specified should be increased—I paraphrase the effect of the subsection in some of its parts.

That relates their powers to take this action to two possibilities: an increase in costs or a fall in revenue—and we know from the form of their written case submitted to the Tribunal in support of their present application for an order that they rely exclusively on an increase in costs and make no mention of any fall in revenue.

Under subsection 2 they are required to observe this provision: notice under this section should contain a brief statement of the grounds on which it is given—not an exhaustive or comprehensive statement, but quite plainly they must state in their notice which of the two grounds specified in subsection 1 they are relying upon—and my proposition under this head of my argument is that if they in fact specify only one of those two named grounds, they are debarred from relying upon that to which they made no reference.

May I complete the matter insofar as it is dependent upon the Act itself. I pass to subsection 3: the written case submitted in support of the application should also set out the ground on which the Board gave the notice. So the matter has to be amplified in the written case which is part of the foundation of this Tribunal. And once again emphasis is laid on a correct reference to the grounds upon which they are purporting to act.

I go back, if I may, to section 46, where we find for the first time in the Act, I think, an express reference to the written case which must be submitted to the Tribunal when an application is made for an order under section 45. An application for an order, says subsection 1, may be made to the Tribunal and should be accompanied by a written case in support of the application—and if I may pass on to subsection 3, it says: where an application is made under this section, not being an application which the

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Tribunal refuses to entertain, the person making the application should publish it in such manner as the Tribunal may direct, together with a notice stating where copies of the written case submitted in support of the application are available and specifying the time and manner in which objections and other representations may be lodged with the Tribunal.

So the whole purpose of this procedure and the references to the written case are to ensure that all persons who may be interested in what is going on in London Transport or in the London Transport area may be fully informed as to the supposed justification for any increase in fares—and this is not merely a technical point; anybody, for example, reading the notice and the written case which informs the notice might well say to himself: I see they're running into increased costs, and in the notice they mention wages specifically; of course, we can well understand that that isn't an uncommon occurrence nowadays, but these wage increases are going to be covered by the proposed increases, and there's no occasion, really, to cavil over this; wage increases are commonplace; increasing fares is justified to cover those wage increases, and there's no reason why anyone should maintain an objection or put in representations.

But once you get a reference to loss of revenue, a quite different picture may be presented to those who are interested in keeping an eye on this problem—the sort of picture which has been ventilated on a number of occasions at this hearing, namely that you are entering into a field where the policy and attitudes of the London Board and British Railways operating in London are not merely being subjected to wage increases and so on but are having the effect of driving away passengers and producing a reduced revenue from passenger fares, pointing, as they might well think, to some very serious defect in the whole policy approach of the responsible authority. In other words, to put it in a nutshell, a comprehensive reference such as there is in the London Transport application enlightens people at once to the consideration of not merely whether those responsible for carrying Londoners about are subjected to ordinary wage increases but, whether through difficulties they are encountering or by the approach in their policy, they are also suffering a drop in passenger traffic. It is only when an application is grounded upon the correct statement of that which justifies it that those who may be interested in coming here and making their representations are given the proper and full opportunity which the Act is plainly designed to secure for them of being heard on matters which may well be of considerable moment and interest to them.

The only answer to this point, which my learned friend endeavoured to sustain by re-examination was this, that a drop in revenue means, and means only, that the actual cash takings in any one year are less than they were in the year before. That in my submission is not a sustainable contention. The Act refers to whether there has been, or will be, a loss of revenue, and as I understand the position you, Sir, and your colleagues who have been dealing with these matters for a number of years of necessity proceed from time to time not merely on the basis of what has happened in the past, but on what is expected to happen in the light of changing conditions both as to revenue and as to outgoings.

The whole procedure of this Tribunal, as I am coming to believe, is founded on expectation and estimation, and the reason why that is quite unavoidable, as I see it, is that one never gets either in the past or prospectively in the future a complete year of constant conditions. That is so whether one looks at the revenue side and concentrates one's attention on the fares levied or whether one looks at the outgoings side because of the incidence in that respect of altered costs such as you see for wages. That is why we have the future years unidentified by reference to the calendar—what a future year, anticipating on a period of 12 months, unspecified by reference to a commencement or termination, will in fact produce in terms of revenue and outgoings. That is based upon what has happened in the past, and I say the past never reflects a constant year because fare changes have been introduced midway. There is no constant year on which to make that calculation; one has to

assess it with reference to the changes which have already taken place and been operated over part of the year, and with reference to the current changes which at any one hearing are then proposed and will then, subject to changing costs and conditions, produce its estimated certain consequences in a 12-month period yet to come. As I understand it, you have proceeded of necessity on that basis, and therefore I say that a loss of revenue is a loss of revenue if it arises by reference to anticipation, if those lesser takings then formed the basis of the previous application and which were then put forward as the basis upon which the future could be soundly grounded.

That of course is precisely what you are being asked to do on this occasion—to award increases on the assumption that they will produce the consequences which it is estimated by the Board's accountants they will produce, and if, when the next Application comes should there be one, what has happened is that realisation has fallen short of expectation, then I say there has been a loss of revenue.

Looking backwards I can say, in my submission, just the same thing if in fact revenue as realised in any identified period has failed to match expectations then to give evidence before you in 1966, for example, of course that is just what has happened in this case.

Might I contrast the presentation on the relevant documents of the Board's case with which I am not primarily concerned with that of London Transport because the different form of presentation supports what I am saying. The relevant exhibits are WW1 and AE1. Looking at WW1 in 1966, of course we find no calculations there showing as has undoubtedly occurred, how seriously they depart from what was anticipated in the 1966 documents. I will demonstrate how serious that discrepancy is, and there is no difficulty in so doing. If one looks at AE1 one finds two columns making a comparison between the year that has past and the notional future year indicating at once to the eye that in fact the future year is going to reveal a drop in passenger receipts. In other words, this document tells us straight away there is a loss of revenue estimated for the future of the order of £1.7m. receipts, and correspondingly, through these two columns, there is a distinction made between what has happened in the past and what it is thought will happen in the future giving rise ultimately in this case, as we know, to a deficit of £4.4m. which, when tied down to the actual year now current, was agreed much more likely to produce a deficit £5m.

The point I am making is there the proper distinction is made between a loss of revenue compared with past anticipations, whereas in WW1 we just start off with a single column making a single assertion as to what is expected to be passenger receipts from the London area at pre-January 1966 charges referring to Exhibit 3P.5.

My learned friend tells me the same discrimination is to be observed in the other documents which London Transport have put forward, and they have made of course in their Written Case the vital point that they are suffering, and were suffering at the time of the issue of the Notice in January from two causes of trouble: loss of revenue and increase in costs. So far from end covering, the position which in fact comes to light in the course of these proceedings in the Written Case no doubt conforms to the Notice in this case, in paragraph 6, if I may refer to that, which goes some way in order to conceal the position.

You will recollect in paragraph 6 of the Written Case the increases which were then notified were said to be anticipated to yield about £11m. in a future year. In fact, that is a figure of £1.3m. which we now find in the appropriate document WW1—I make no point about that discrepancy; it is not the sort of discrepancy which one is unused to finding in the British Railway estimations.

But if one goes to paragraph 6, here it is said the net yield of the increase is estimated at a little over £2m. in a full year. In other words, they were saying there is a margin of £9m. from the increased charges over the deficiency, on account of increases in charges "which we are faced with." The yield from the increases will there-

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fore be substantially the same as the increased costs referred to in paragraph 3 above. "Substantially the same" is not, perhaps quite the happiest phrase as, on the face of it, they represented £1m. more and, on close examination I suppose one might say nearer £1m. more, but nowhere do they go on to say: "Of course we need the money not merely to meet those increased costs but also to make good the fall in revenue which we are not telling you about, and which we have in fact suppressed all mention of in the document, as if it were something that was not happening at all."

What is the position? Well, it comes out very clearly, if I may refer to the evidence of Mr. Winchester given in cross-examination in answer to myself on the 25th April, at page 9, question 156: "I am discussing what you were saying in your Written Case supporting the Application, in the course of which, in paragraph 2, you gave the grounds upon which you gave the notice of increase of fares in January—and that is now up for confirmation?—Yes. What you were saying there exclusively was that you were facing increases in costs—and wages is the only item which you mention?—Yes. But I accept there might be others as well, which would go to increase your outgoings?—Yes. There is no reference there to any grounds of justification for the notice arising from a fall in revenue?—No. Has there been a fall in revenue?—Yes. We will just weigh it up shortly. Would it be correct for me to say that the fall in revenue is in fact £1m.?—As between 1964 and 1965, it has been about a million. I think, if you make a comparison between expectations, which is probably relevant here, it is about the same figure. So my figure of about a million is correct?—Yes."

Then there was a series of further questions designed to find out how it was that this important factor, as was then appearing to me, came to be completely overlooked. I do not propose to read all of this, Sir, but I would like to go over the pages to question 176: "But you were seeking, by that Notice, to increase, to pull in an extra amount of about £1m. which in fact you find now will only be £1.3m. You knew then, quite apart from increased costs, there was a loss of revenue also to be covered, as far as possible, which in itself amounts to a million?—Yes."

There are a number of other questions on the fringe of the subject, and naturally I posed to him how this matter came to be overlooked, and the subsequent answers were: "We did not realise how big it was; we did not have it closely in mind and I am not prepared to say what we know at any particular time in the past," and the whole matter seems to have been dealt with in the most cavalier fashion.

Not surprisingly my learned friend, in re-examination, endeavoured to retrieve something from that "wreck" and I look at a later series of questions on page 22, question 519: "On my learned friend Mr. Molloy's questions, arising out of the Notice dated 31st December, where the only ground given was the increase in costs, it was suggested that you should have, or your Board should have added a reference to a decrease in revenue. When you say that the gross revenue has declined, is that a comparison of what has been received with what was expected to be received?—It is not only that. Whether you take the year 1964 as your starting point or whether you take the expectation for 1965 which we put forward a year ago, the actual results for 1965 are worse. If there is to be a fall in revenue, it means comparing something with something else?—Yes. You have your actuals for 1965; if you compare them with the actuals for 1964, without making any adjustment for increases in fares, would there be a fall in revenue?—No, I think the actual receipts for the two years were substantially the same. Do you know whether it would be safe in giving a Notice under the relevant section of the Act to rely upon a fall in revenue which was a fall as against expectation as opposed to a fall as against the actual figures?—I am sorry; I do not think I agree with you. The fall was against actuals and against estimate."

There it is. It is quite plain, there was available, as a matter of law, to the Railway Board a ground for the Notice and a ground for inclusion in their written case which is part of the foundation for this Tribunal's jurisdiction which through inadvertence, indifference or lack of

understanding, they omitted—and of course it is difficult not to be a little critical because let us assume that this Application just followed on the London Transport a little blindly, and without any close or careful budgeting—about which apparently British Railways Board find difficulty in relation to the London Area as to some part—one can understand that, but giving them credit for being rather blind and blunt, when they gave or provided their Notice in December (and the date of the Written Case after all is the 3rd February) it is reasonable to suggest that when they came to the point of presenting a Written Case for the examination of this Tribunal, they might then at any rate have taken the trouble to see that it matched their claim, and that they were then relying quite plainly, on the grounds which were quite legitimately open to them.

That case, as I understand it, it proposed in a way which the Tribunal directs; it is reasonable to accept that as the sanction for this application, and it is all important for the reasons already suggested that they should get it right. They did not even take the trouble to get it right in February.

To what extent are they wrong? There really is not any room for argument as to this. There was an estimation by Mr. Dickson on the 1964 transcript which appears at page 806, dealing with the then anticipations, as to what would be available in the way of passenger receipts.

The matter is partly summarised on a document which we put in, and was I think accepted. I am not sure whether it has acquired an exhibit number, Sir, but it is headed: "Analysis of Charges in passenger receipts as between WW I of 1964 and WW I of 1965."

(President): It does not appear to have a number. Shall we give it one?

(Mr. Molloy): If you please, Sir. The main thing is it should be before you, but I gather it is in fact in your hands?

(President): Sir Thomas Robson has called it IP 6.

(Mr. Molloy): It was put in in Mr. Pestrey's examination. This does not set out the whole story, but it exposes the story which needs telling. It starts off with a figure of £36.3m. representing passenger receipts as spoken to in 1964, and adds the estimated yield of increased earnings to £1.8m. arriving at a figure of £38.1m. and what it attempts to do is to reconcile that figure of £38.1m. which ought to have been achieved on these estimations, with the figure of £37.2m. in WW I of 1965. Of course, one can only reconcile them by accepting that there is in fact a discrepancy of £1m.—I think it is £95,000 in fact when one makes a closer comparison.

The £37.2m. on WW I incorporates two other elements, an estimated upward trend of traffic of £0.3m. as increase in clearance to London Transport of £0.2m., and that adds a net figure of £0.1m., and that is how one arrives at the figure of £37.2m. in WW I. There is no controversy at all that that figure of £38.1m. arising on IP 5. I think itself includes two elements which were estimated to represent an upward trend in traffic. One of them was called "trend," and amounted to £0.4m.; the other one was an additional factor introduced at a later stage in the year, and instead of being given some label, was given a new label "buoyancy" and which amounted to £0.851m. so altogether the expectation of 1964 was that London Passenger Transport receipts would be pointing upwards to the tune of £1m. As I read it—and I hope I do not oversimplify the situation, instead of having £1m. increased receipts from traffic, traffic "buoyancy," in fact £1m. was achieved, and there was a short-fall of a million against the aggregate of those two expectations, between which I find myself wholly unable to distinguish.

That is the "missing million" which so rightly and so necessarily Mr. Winchester at a very early stage in his cross-examination had to admit had not arrived, contrary to anticipation in 1964, in the booking offices of London Transport in a subsequent full year.

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My learned junior endeavoured to find out from Mr. Pentney how these prognostications had gone so badly awry, and on the Third Day of the transcript, Mr. Pentney was trying to explain it, without any success at all. At page 49, at question 919 he was asked: "How do you account for this £950,000? It is a sizeable figure?—I tried to explain this morning that there was a degree of optimism generated by reason of the seemingly favourable trend in the early part of 1964, which led us to believe that if that continued (and there seems to be no sign of its slackening off by the time we got to the hazy stage in November) our revenue would be so much better in 1964, and it was that optimistic figure that was used as the basis for the AID 5 which reflects the £860,000 buoyance which Mr. Dickson referred to in his evidence on the last occasion."

There were other questions not directed to the same sort of point, but in the end it all came to this: That Mr. Pentney admitted there had been a gross miscalculation, and it was founded on nothing better than optimism. When one endeavoured to find out from which particular class of traffic this "buoyance" had failed, we never got any answer at all, and indeed Mr. Pentney was blind, if not brutal, in his answers, because he ended up by saying: "We do not really mind about particular classes of traffic, provided we get overall the traffic that we expected to need." But that is just what was not in fact happening, and apparently, having made this gross miscalculation, no one at British Railways is in a position to say in any greater detail than I have suggested in what respect this over-optimism went astray and in what particular classes of business it was shown to be over-optimistic to a very high, and excessive degree.

Question 969 is the key question, in which he displays his disinterest in this close identification of the particular classes of business where expectation has not been realised: "Do you think it is worth looking into, because if you do not get it in the season ticket revenue, the question is: Where do you get it?—We have a duty to make sure we are paying our way, and we cannot be precise as to what amount of a particular fare category goes into this, that or the other; what we are more concerned about is what is the total effect."

(President): Should that not be "total effect"?

(Mr. Molowy): That brings out the meaning rather better, Sir. If there is that indifference to particular classes of traffic, even after the event in order for future benefit to where my estimate has gone awry, is it too much to expect in other respects there should be any close estimation of the consequences of particular fare increases?

What is really a remarkable thing in face of that unexplained million pound deficiency of revenue is you still find the anticipation of 1966 contains the expectation that there will be, in the future year, an increase of £0.3m. above what the more or less precisely calculated figures are likely to bring in. So optimism still continues, and indeed Mr. Pentney describes it in this way: "These things are usually optimistic"—question 1002—and when pressed to explain why his optimism should prevail in face of how it has foundered in the past, one of the things he had the temerity to mention was the fact it was to represent a recovery of part of the falling off in passenger traffic which might be expected from the fare increases—a process of estimation which I think can be fairly described as "discounting the discounts," and that was one of the things which he used to justify his £0.3m. future increase, and his whole approach inspires some lack of confidence I suggest in the accountancy procedure of the British Railways Board, and the soundness of any estimations which they present to this Tribunal on this occasion.

I had not the pleasure of being here this morning, but I gather that there has been a revival upwards of WW1 in relation to the ultimate favourable balance on revenue in line 15, and that that has gone up to £43m.

(Mr. Fay): Not on WW 1.

(Mr. Molowy): Is it a margin of error? I think if I were to stay away longer, the most remarkable things might happen. I gather that £4.2m. has become £4.5m.

(Mr. Fay): Thus my learned friend gathers wrongly. He has got the 0.3 in the wrong place. He has to add on the interest.

(Mr. Molowy): I will not dwell on this. You know what has happened this morning, Sir, and I do not, but I gather there was a demonstration this morning that WW1 is wrong and not in a trifling respect. That is sufficient for my purpose.

We have been favoured, in WW1, with an analysis of changes in the working expenses as between 1964 and 1966—which is very helpful so far as it goes—but we were not favoured with any analysis of the difference in revenue as between WW1 of 1964 and WW1 of 1966 as part of the Board's case. That is something which we had to introduce, as we have done, by means of JP 6 and by reference to the appropriate evidence in 1964, and what emerges is that there is no room for controversy about it at all.

Where, Sir, does one arrive at as a result of this helpful comparison, and the complete failure of the Railways Board to propound, in proper form as part of their case, that there has been any loss of revenue? The consequences which I invite you to attach to this omission are these: That instead of £37.2m. as being the relevant passenger receipts, you should view that figure as if it were a figure a million pounds higher, because, as I have demonstrated, £37.2m. can only be arrived at after you have made allowance for the fall in revenue as between 1964 and 1966, and as that is not a matter relied upon formally by the British Railways Board, these figures ought to be treated as if the loss of revenue that has undoubtedly occurred is eliminated from the figures there at line 11, so that one gets a margin on pre-January 1966 charges not of £2.1m. but £3.1m. and their case for any increase in fares is correspondingly modified, and indeed one might go further and suggest reduces it to the point of extinction. Even if, for reasons of assimilation with regard to the notified charges—although I must confess I have some misgivings in view of the defect in their calculations—unless you felt that they ought to have the same general increase confirmed with London Transport, when you come to the additional fare increases for which they are asking then in my submission it must, in the most material degree, be relevant that this million has not been properly treated, and when one compares that with the comparatively minor increases of revenue which they hope to derive from increasing the basic rate over 12 miles from 3d. to 3½d., or from eliminating the advantages which young people have in travelling to their work, it becomes a most material matter to have that reflected in the way this case has been presented on this occasion, but apart from those considerations, there are greater ones which I venture to think the Tribunal will have in mind.

First of all, the British Railways budgeting is quite plainly on their own evidence, pretty lax in relation to the London area, and they lack the interest and it seems certainly the capacity to take the effort to really produce figures upon which reliance can be placed, but if those figures can be believed and I suggest they can be believed, to support any adverse criticism of the case which they are intended to make good before this Tribunal, it is quite obvious, is it not, that they are doing very much better than London out of the London area—doing much better than London Transport out of the London area.

Is that right? I ask the question hypothetically, because it is the experience of this Tribunal which will give you the correct answer to that. Who are they? If London Transport, charged with the duty of providing the transport system for the Metropolis gets into a sorry state which their accounts present, and are quite unable to budget in a future year for making ends meet, is it right that the main railway system, to the extent it serves the same area, should, however imperfect its estimation, produce on paper results which appear to be so much better? We must take them, I suppose, at their face value, and it produces a very odd picture, and a discordant picture because one of the things that this statutory requirement lays down is that these two services should co-ordinate, and the Tribunal has said they should evolve a system of assimilation of charges.

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The working of those principles ought to produce nearly enough the same sort of financial outcome, and if it does not, then something is wrong. It may be that British Railways' accountancy methods are wrong—I do not know—but surely there is another aspect of this which perhaps really has more import? It is in fact obvious from these figures, is it not, that British Railways are doing very much better in London than in any other part of the country. Is that right?

My learned friend murmurs "is it obvious?" Yes, absolutely obvious on your own statements. You are losing £70m. or £80m. throughout the country.

(Mr. Fay): I murmured because it occurs to me to enquire whether my learned friend is thinking of the main line between London and Birmingham and one of the old main lines, which are thought to be revenue producing.

(Mr. Malony): I know what my learned friend says, but the precise figure is above £50m. but under £60m. However, as I say, they are not running at a loss in London; they are making some money out of London—more money than we thought when we first saw WW 1.

So the London passenger travelling about the Metropolis to the extent that he uses British Railways is subsidising the rest of the country. That observation is a counterpart to the sort of observation which has been made by my learned friend with reference to the juveniles, and, incidentally, it is a fair one in this respect. Of course, I do not say it was an unfair one in the way in which he used it. This Metropolitan seems to be the only part of the British Railways' system which makes a reasonable return. It may be my learned friend can point in the accounts, if he wants to, to other parts of the country in which British Railways are deriving a reasonable return, paying their charges on capital and still having something in hand towards reserves, I do not know. There may be others, but should London be singled out for this when the London Transport Board, the body mainly responsible for covering the transport needs of the Metropolis, is in the financial condition that we are so constantly reminded of? Something is wrong and British Railways cannot, I respectfully suggest, make any shred of an independent case for putting fares up in their favour, and in any case they must be exclusively dependent upon your Tribunal's appreciation of the needs of London Transport—subject, of course, to what I said in the London Transport case—and the principle of assimilation. There is absolutely no case for British Railways being given any advance in fares just to improve their position in the London area, and that leads me to the Application, part of the most recent application not notified in January, to to increase their standard rate over 12 miles from 3d. to 3d.6d.

My learned friend was suggesting, and I think claiming more than once, that the ordinary fares of British Railways had not gone up since June 1962, in the London Area. Well, of course they have gone up just as regularly as the London Transport fares have gone up. What has not happened is that the fares over 11 miles, or whatever in the precise criterion, have not advanced since 1962 and now they want to put them up in order, says Mr. Peatley when asked about it, "to bridge the gap between our position in the London Area and our position elsewhere." "To bridge the gap," and of course it does bridge the gap beautifully, it closes it completely. It means that the London fares for those distances are precisely the same as they are charged all over the country with, I imagine, some tapering off, but it matters not for my present purpose. But what justification is there for British Rail spending in the London area saying "Our rates in the London area over 12 miles must be at the National scale"? Surely when they come in to the London area, when they provide services in the London area, their position is subordinate. They are not in a position, either financially or as a matter of statutory arrangement, to take the lead, to be paramount over and above London Transport. I do not believe—but I am subject to correction in the light of your experience of previous applications—that British Rail has been allowed to take the lead, they have followed on, they have been given the same increases as London Transport when London Transport asked for them and could make

out a case to get them. But here we have, as I said before, the tail wagging the dog, and now we have seen the dog—

(Mr. Fay): Who is the dog?

(Mr. Malony): The dog is British Rail. And now we have seen the dog their case is quite inconsistent with their broader position in the Metropolitan transport system. I invite you to say that there is no case for assimilating British Railways' charges in London to the rest of the country; that, I venture to think, is not a principle of assimilation that you have ever applied. They ought not to be assimilated up to the rest of the country, in respect of their services in the London district British Rail should take a subordinate position to that of London Transport.

We have had in JP 5 some of the well rounded calculations as to what this is going to produce if it be granted. It apparently applies, if I can read JP 5 correctly, to about one-fifth of the traffic which they handle, and I would like the Tribunal to notice—I do not think the point has come out clearly before—that in fact the calculations give to British Rail an increase before discount of 94 per cent; not merely the 81 per cent which one might assume ought to be added on if you put up a standard charge from 3d. to 3d.6d., but due, I understand, to the rounding off of the farthings to make pennies the actual gross yield of £493,000 represents a 94 per cent increase on the £5120,000 which is the total traffic affected.

I have already dealt with the consequential application which London Transport make with particular reference to the Amersham Line and I am not, perhaps, entitled to say anything more about that except this, that I hope between us we have demonstrated how contrary to all good sense and justice it would be if London Transport's charges on the Amersham Line went up; and if that were a necessary consequence of the Railway Board's application to do the same on a wider scale, the consequence is so unpalatable that the case should not be allowed to prevail.

I pass, if I may, to deal with the position of the juveniles. May I say in this connection that three of the bodies which support the Greater London Council have made known to us, and possibly repeatedly directly to the Tribunal, their extreme concern about this matter. If I may quote the London Borough of Brent, by a formal resolution they have put it on record: "We recommend the Council to support the protest that is being made by the Greater London Council to the Transport Tribunal against the proposal of the British Railways Board and London Transport to increase the present concessionary fares facilities whereby persons in employment under age of 18 years obtain season tickets at reduced rates, so far as this would apply to apprentices and trainees in receipt of a low remuneration as it may deter them from following or embarking upon training for skilled work."

Then the London Borough of Ealing also raised particular objection to the proposals concerning juveniles, "... having regard to the effect which the abolition of such concessionary fares would have upon the recruitment and continued employment of lower-paid young employees and in particular apprentices and trainees."

Finally the London Borough of Croydon in its support of my client's objection referred particularly to supporting us in reference to the withdrawal of the half and two-third season ticket rates available to juveniles travelling to work.

The picture presented in relation to this part of the case is really a rather odd one. The Order under which concessionary fares were given to people under the age of 14 (and it was initially, I think, 16) and to those undergoing training goes back to a Railway Order of 1927 and, of course, it refers to a half rate only, it was very much later that the two-thirds rate was introduced. It seems that over the years, for 40 years in fact, although the terms of the Order were comparatively speaking restricted, in fact in practice the concession rate has always been given to those who qualified by age. In other words, the current form that you have seen has always been the standard indicator

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of the conditions which were expected to be fulfilled, you were either at school or you were in employment, so that everybody of the appropriate age group qualified; they did not have to be expressly undergoing training of any sort, still less did they have to go to any sort of training establishment. So this position has come down, seemingly, for at least 40 years and no attempt has been made, so far as we know, ever to apply its strict terms. The form of the Order has substantially remained the same over the years and the young people of London, and one can say now their fathers if not their grandfathers, have in fact proceeded upon the basis that up to a certain age you could get a job and you could have cheap travel on the railways.

Now it is mild—and here of course, I am dealing with both Applicants because we have reserved this part of the case to the final stages—there is no justification for this concession at all and that it is quite wrong that it should persist because the effect is that the burden falls on other travellers and they have got to shoulder the missing finance which the youngsters have not paid. That, of course, is the most unmitigated rubbish, because so far as London Transport is concerned no burden of this sort is falling on the other passengers; all it does, assuming it still remains, is to increase by £100,000 or so the large deficit at which they are running and which obviously will have to be made good from some other source at some time or other, but which will never be made good—and I say this categorically—out of the pockets of London passengers, never. So to say the other passengers are carrying this burden at the moment is completely at variance with the facts. In truth, of course, the other passengers are paying almost, if not quite, as much as the traffic can bear, so the increased burden will not fall on them, the increased burden will fall on quite a different source.

But, of course, this argument which I suppose is attractive so far as London Transport is concerned, is quite irrespectively pursued, because if, in fact, there is any substance in it, why is it that these concessions are being maintained? If other passengers should not be called upon to pay for juveniles, why should they be called upon to pay in respect of those who are going to full-time educational establishments? Why is it that they may be called upon to subsidise those who are under 14. We see some sizeable youngsters under 14 occupying their full seats, why should other passengers have to subsidise them? It is absurd, and of course it is socially right and proper that it should be so, but the hollowness of the case presented is exposed when one reflects that London Transport lack either the courage or the logic to pursue their present intentions to the inevitable conclusion, if their present intentions are right. But of course, their evidence blows another majestic hole in their argument, because when they take on apprentices themselves they dangle in front of the apprentices' nose "Free travel from us—absolutely free, a pass; go where you will when you will, out in the evening as well as to the office."

As regards the privilege passes of our friends the Railways Board, who pays for them? As between the two Boards it is cleared up, one assumes, by a item which is passed through the books and gets amalgamated in that clearance item with which we are familiar but into which I have never delved. When I invited Mr. Lloyd to tell me how much the figure was, in spite of all the people sitting about him, not one of them could give us an answer as to what the clearance figure relating to privilege travel by London Transport of British Railways' employees amounted to—

(Mr. Fay): A figure was given yesterday, you know.

(Mr. Molony): This, of course, is comment, but who pays for British Rail or London Transport apprentices travelling all over the Metropolis free? No one but the rest of the travelling public. So when it suits both Boards (and I do not blame them) they are perfectly willing to give these concessionary advantages and are perfectly ready to see that the travelling public as a whole, although they may not know it, is shouldering the bill—or were shouldering the bill, I should say, because of course they are not now; we have moved so firmly into the red and the travelling public have ceased to shoulder the bill.

Commercial justification has been mentioned specifically in the case as being absent in this case. The comment which I think I have made but which I will repeat is: is it really apt for these two authorities, or either of them, to speak of commercial justification for anything? There is no commercial justification for either of them, and when Mr. Penney was asked by my learned Junior "Why is it that British Rail are kept going in view of the enormous losses they make year after year?" his answer, very fairly, was "I do not really know." So commercial justification really is not an argument which can come very happily from the mouths of those who speak for either of these two applicants.

Social implications have also been mentioned and that, of course, I point to as having some significance. There are social implications and there are national and economic interests at stake here. It is not right to suggest that all teenagers have money to burn and readiness to burn it. Many of those in that age group are anxious to equip themselves, as best they can, and to qualify themselves as best they can for a useful and productive place in life. From the evidence we have heard, it must be plain that a pretty fair number of teenagers in London, instead of spending their money in coffee bars or on gramophone records or the other things which a lot of teenagers do spend their money on, do in fact spend it on getting about London so that they may get training and equip themselves for life better than if they were lured by easy money and high wages to seek employment just round the corner.

You have had the evidence of Mr. Gillett in this connection, speaking from his knowledge as Youth Employment Officer and as spokesman for my clients as Education Authority. He would view as quite disastrous the alteration which is now proposed, and, of course, the alteration which is now proposed would effectively abolish these concessionary rates by limiting them to a comparatively small number, a very small number, of those in full-time education. In cross-examination my learned friend did not dissent from the proposition that these youngsters would be gravely affected and, I think, that National interests would not also have been imperilled to the extent that it is in the national interest that as many young people as possible should qualify themselves by expert training at an early age. For them the fares would go up either by 50 per cent or by 100 per cent, and it is a rather sad commentary on this proposal that those at the lower age group—perhaps not many at 14, but the 15's and 16's who are the youngsters just starting earning at the lowest level, whatever it may be—see the ones who will be asked to pay twice as much; a 100 per cent increase for 50 per cent of these at 15 to 16.

Have you, sir, ever sanctioned any fares increase of that order? The only possible comparable one would be when the workmen's ticket was abolished not so long ago. The exact details are not within my recollection, but I am told you said the process of abolition should be a long one and any one step should not exceed 6d., I think it was. No-one has ever had their fares doubled overnight and few, if any, have had their fares put up by 50 per cent overnight, and that is what is involved in this Application. When my learned friend was told by the witness Mr. Gillett and the gentleman from Thurrock that this would be a powerful deterrent against young people travelling to a place where they could best qualify themselves, the suggestion was "Why shouldn't some of them buy a bicycle?" Really. Here you have a spokesman for the transport system of this City who is happy to see people who might be using the transport system adopt other modes of transport. The proper approach, and one which I think Mr. Mercer has probably already addressed himself to, is instead of making transport so dear that people cannot afford it, make it so cheap that people cannot afford not to use it in the interests of saving time. That sort of approach is not one which should come from a spokesman for a transport authority, and it is illustrative, perhaps without any further consideration, of a very faulty policy and an approach, which may account in some measure for the appalling financial position which has been here uncovered.

There is no doubt there is a need for trained workers in this country, the Ministry of Labour tables that have been brought to your notice and their Gazette support that. I

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[Continued]

would like to make one correction to an error that I made when I looked at GLC 1, the first appendix to Mr. Gillett's proof, and compared the total number of youngsters placed in a twelve months' period by the Inner London Education Authority, or recorded by that Authority as having entered employment, with the total of those enjoying concessionary rates as revealed by FJL 8 and the letter from British Railways which went in this morning, the number of which I have not got at the moment. Could a number be annexed to that, Sir?

(President): Yes, JP 7.

(Mr. Molony): If you please, Sir. What happened was that I compared those two tables and arrived at a figure of about 30,000, I think, and then looked at GLC 1 and observed that the total there was about 30,000, and said they more or less match. But of course they do not at all. One is a figure of those put at work in a year, but many youngsters having been put at work in their first year after leaving school at age 15, will remain eligible for concessionary fares for the next three years, so that if all of them, so to speak, took jobs which involved travel we might get a figure at any moment which was not far short of 100,000. Obviously a lot of them would not take jobs involving travel at all, some of them would go by bus and would not be recorded in the returns of any Railway Board; but I was obviously at fault in seeing any real comparability between the two tables. I end simply by saying that for some reason which I have never really discovered neither Transport Board seems to be capable of counting the number of applications which come in in any one period, month, week or whatever you choose, adding them up and telling us how many people do enjoy these concessionary rates. The whole thing is calculation and it may well be wrong, and perhaps in the light of the other figures you may think it is an under-estimate.

I invite the Tribunal to the view that the impact upon these youngsters of having to pay that greatly enhanced rate would be appalling from their point of view even if from our point of view it does not seem to be an awful lot in terms of pounds, shillings and pence, and it is likely to be very serious indeed and to deter them from entering upon that sort of training, apprenticeship or educational advancement which would not merely be in their personal interests but in the broader interests of the society and nation.

Mr. Gillett's view was that a figure of 20 per cent would be not inappropriate to put in as a figure of this kind, and the gentleman from Thurrock said: "It is not a question of trying to assess what these youngsters would be wise to do, or what if they husbanded their resources they could do, what I have got to try and foresee is what they will do, and I think a lot of them will stop travelling." On the basis of that sort of evidence I have made certain calculations introducing as a discount figure at all points a 20 per cent discount, and I think in the course of this morning that was accepted as correct in substitution for the 10 per cent figure that previously had been propounded on behalf of the Railways Board in JP 5. I venture to think you could not safely proceed on any basis other than a 20 per cent discount figure, and, of course, it has significant consequences upon the supposed amount which the abolition of these concessions will bring in by way of additional revenues to the coffers. So far as London Transport is concerned, in respect of the abolition of the two-third rate the increased revenue would be £60,000, in respect of the half fare concession it would be £35,000, total £95,000 only as compared with their £142,000. In respect of the Railways Board in relation to the two-third discount, that is reduced to £150,000 and the half-fare advantage is £65,000, total £215,000 to be compared with the £400,000 net on JP 5. That, I suggest, is a much more realistic assessment of what is likely to happen and the whole thing is reduced, if that be so, to a potential benefit of the order of £200,000 only between both Boards. I venture to suggest that the advantage of giving some additional profit to British Railways and to reduce a vastly larger deficit on London Transport by these minimal figures hardly justifies this interference with arrangements which the youth of London have enjoyed for a long time, which in the last year or so many must have entered into commitment in reliance upon, and which over-all possesses quite obvious social and National advantages.

I think I said a moment ago that this trifling sum emerging in favour of London Transport would go to reduce the deficit. It would not, of course, it would go to increase the deficit if it be not conceded by £100,000, which is really trifling against the context that we are examining.

(Mr. Fay): May it please the Tribunal, my learned friend has allowed me five minutes before your usual time of rising and upon one view of it that is really all I would need to deal with any real point worthy of being dealt with, but I suppose I must deal with the other points and I propose to take a little longer, with your permission, Sir; but I will be at your seat as the time and circumstances dictate.

First my learned friend Mr. Molony's pleading point. He points to the fact that when the statutory notice under section 48 was given it stated upon an increase in costs and upon a fall in revenue. Now you will know from the wording of sub-section (1) that there is a condition precedent to the giving of a notice in that the Board concerned must have it appear to them that there has been one or other, or indeed both I would accept, of those phenomena. That is a condition precedent, and if it is not fulfilled the notice will be ultra vires. It is, therefore, of some importance to a Board issuing a notice, which is going to have the statutory effect of permitting an increase in charges above the maxima authorised by this Tribunal, that they get their tackle in order and that they are sure they are within their rights. If—as indeed was the case in this instance—legal advice was taken, it is not surprising to find that the advice given was: "Well, if there has been an increase in costs and you are quite sure this is so, there has been a substantial increase in costs, that alone is sufficient to give you powers to make the notice." But would it be right to found a notice upon a decrease in revenue which was a notional decrease? I say "notional" because of the evidence in this case. Mr. Winchester made this clear, in my submission, in re-examination, and indeed it is clear from the documents: the decrease of £1m. in revenue is a lack of fulfilment of expectation, it is not a decrease in pounds, shillings and pence. The revenue, if one takes it in portions of a financial year at a time, has not decreased. Of course in the second of the years where the traffic decreased the fares were higher, but as a matter of money the revenue has not decreased. What has decreased is the amount gauged against a continuous forecast made on the last occasion. In those circumstances any lawyer, I submit, would have doubts as to whether those circumstances conferred vires and whether, therefore, it was right to rest this condition precedent as the ground which has to be put on to the notice under subsection (2) of section 48 as conferring vires to issue the notice. That is my answer to the suggestion that there should have been this point made in the notice.

Then there comes the application. My learned friend seems to be under the impression that the application is merely consequential upon the notice and is, as it were, an application merely to approve the notice *ex post facto*. By the terms of subsection (4) the Board concerned is required to make an application for the alteration of all or any of their fares, subject to the London Fares Order whether or not all or any of those specified in the application were the fares affected by the notice. This is a fresh proceeding in this Tribunal. It may or may not cover the same ground as the notice. In this case it does cover the same ground and goes beyond it, but it would have been perfectly competent for the Board to have abandoned the fares in the notice and to have said "We go for a different structure and we ask for A, B and C," and then when you make your Order upon A, B and C the notice terminates. That being the case, my learned friend's argument, which shows in some ways a lack of information, vanishes, in my submission.

The other part of the pleading point in the written case did not explicitly make the point. Well, it certainly did not explicitly make the point. That raises the question of what should be in the written case under section 46, subsection (1), and my Board, for their part would welcome any views from the Tribunal as to the amount of information which ought to be in the written case. The written case in this case was similar to those which have been propounded in the last two inquiries, and I would

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remind the Tribunal that it is not easy to be specific about a London application by British Railways. London Transport can be much more specific. They have their accounts to hand, the organisation they are concerned is an accounting organisation. The organisation with which you are concerned in British Railways is not an accounting organisation, it is an artificial structure composed of certain passengers and their financial outcome has to be costed in an elaborate way which, of course, always attracts criticism. Indeed, any such costing exercise is wide open to the kind of observations which my learned friend makes. But in these circumstances it is not easy to be precise. I would remind the Tribunal that my learned friends have had the exhibits, which plainly put before the financial situation, before the opening of this inquiry. I did not hear any application for an adjournment because they had been struck dumb by the fact that there was a firm decline as against forecast. Moreover, there is not a decline of firm, against forecast net, because the firm decline is gross and when one looks at WW 3 one sees there is a considerable saving in expenses to offset that reduction. In WW 3 it is £6.8m., item two, changes in services, station and other economies. Of course, when applications are made they have to be accompanied by a written notice, and in the weeks that follow a detailed examination for the purpose of finding out what is the cost and revenue position of British Railways London Lines has to be accomplished, and as weeks go on it is, perhaps, not surprising that more and more is known and the degree of uncertainty which must exist in the case of such a notional body becomes less uncertain.

I have said these words about my friend's criticisms because they were couched in such extreme language, but I listened carefully to see what he was leading up to and what the effect of this suggestion of his that the Greater London Council had insufficient information as to the revenue position would be. He knows now and his advisors know—and Mr. Hills was here and did not give evidence—what the position is, and all that emerges at the end is the trade about the shortcomings of Mr. Winchester—and of course Mr. Winchester to whom the questions were addressed was not the proper witness to address them to, but that is by the way—in not answering questions about what he knew last December or February. The answer at the end, apparently, is: "Oh well, because of this you must disregard their figure for revenue and assume it is going to be more." I hope I have not done my learned friend an injustice, but that is what seemed to me to be the outcome of what he was saying to the Tribunal.

(Mr. Molloy): That is the outcome, but not because you had not told us. You did tell us within a few days of this hearing when we asked for a comparison of revenue. It is because you have not told the world in a proper form.

(Mr. Fey): I am not sure that the world has the right to attend these proceedings other than as mere spectators. The persons who are entitled to appear are well represented here and efficiently represented, and I am trying to see where my learned friend's new point takes you. He says there is such a defect in procedure in following the form which has been valid for some time and in choosing a certain ground for the notice instead of one which might have been *ultra vires* that there is to be a punishment. I must confess that of all the remarkable arguments I have heard addressed to this Tribunal at these inquiries this one at least has the capacity to surprise me.

British Railways, who are the largest operators of transport in, I think, the world are here before the Tribunal engaged in a serious exercise of considering where lies the proper interest as relation to maximum charges. My clients are under a statutory duty to assist the Tribunal with all the information which the Tribunal requires, and that duty they endeavour faithfully to discharge. If anyone wants an adjournment let them ask for it. If anyone thinks we have not said enough at any stage let them say so at the earliest opportunity. In my submission, we are here on an exercise which was defined by the Tribunal in the last decision upon British Railways' application, that dated 22nd January 1965, to perform the task which is set out. Because of the time I will not read what the

Tribunal said but I will refer to it and say, respectfully, that we endorse that this is what the task before those of us who endeavour to assist the Tribunal is. It is page 2, the right-hand column, the last three paragraphs, the third one turning over to page 3 and including the first complete paragraph on page 3. There in those paragraphs lies, as we see it, a concise definition of the task, and that is the task which the Applicants addressed themselves to, the task of considering what would be a proper level of fares if the Applicants' London Lines were a well-contained undertaking. That is the object—although the fact that it is the object seems to have escaped my learned friend—of this exercise and, in my submission, we must come to it in the same way, perhaps lacking the colour of the kind of approach my learned friend suggests, but being an approach which is in the public interest. It is the whole way of saying: "Look at this undertaking. Treat it as a separate entity. What does it make? What may it make? What are its prospects and does it need increased charging powers in order to make a reasonable surplus as a commercial undertaking should?"

My learned friend in effect was saying—and I thought this was coming out toward the end—"Oh well, it does not matter, the taxpayer is going to pay." He said that about London Transport and of course he can say it by inference about British Railways, because insofar as London Transport are short the deficit is there and is increased by any deficit on London. But that is not the way in which the Tribunal has approached this matter. If a part of the undertaking is viable there is a statutory duty to keep it viable, and the duty of the Board is to ask for such powers as will achieve that end. The duty of the Tribunal, as I see it, is to see whether the amount asked for in the total is fair and whether the distribution asked for is fair, and, of course, to protect those who have been described as captive, although very few of them are bound by more than government chains to any form of transport in these days, but to protect them against extortion.

Adopting that approach, which lacks the novelty of my learned friend's, may I address my mind to the question of what should be the global sum which British Railways in respect of these operations ought to achieve. This means looking at WW 1 in the light of the criticism which has been levelled at items of it and in the light of the respects in which Mr. Winchester has accepted at once the criticisms when they were pointed out to him. I ask you to say that WW 1 stands as a fair and accurate forecast of the working results in a future year down to line 11 as at the old charges, and that the £1.8m. is to be added to it in respect of the charges which came in January. This involves the Tribunal accepting the forecast of passenger receipts.

It is said that there is undue optimism in assuming that the receipts will rise this year and that there is an increasing trend. It is said by the same person that you should assume they are going to be firm, more. I ask the Tribunal to accept the sober forecast of those who are the practical men and who deal with this matter. Mr. Pentyney, I would remind the Tribunal, said that the results of the first twelve weeks of this year, 1966, showed that the forecast was not inaccurate, it was consistent with the forecast and did not give him any ground for thinking that his forecast, with its modest trend of £0.3m., was in any sense wrong.

It is said by my learned friend Mr. Mercer that there ought to be other receipts. Well, we have been over these matters in examination and cross-examination and I would not wish to spend time on them save to remind you, sir, that so far as parcels are concerned the reference is to the last inquiry, page 73, Questions 1697 and 1698. The Tribunal in that deal with parcels as long ago as in its memorandum of 1953. As you recall, after hearing the Public Inquiry into the 1953 Charges Scheme the Tribunal issued a memorandum dated 20th July, and paragraph 20 of that memorandum dealt with the perennial point which people are always bringing up of parcels. One feels there ought to be some sort of statute of limitations to prevent these points being brought back time and again after they have been ruled out by the Tribunal, but there it is, they do come back and I say no more about that one.

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Similarly with the revenue from properties. That also was dealt with as long ago as this same memorandum of July 1953, in paragraph 13, Sir. It is the same point, the surplus lands in that case and their application to London Transport, in this case their application to British Railways. I think I made my point in cross-examination yesterday, that the taxpayer has bought the concern, some of it is taxable, if that be the word, and loses the taxpayer a lot of money, other parts of it make money. The taxpayer is entitled to have them set off against each other. My learned friend Mr. Molony said that giving effect to this application would mean that London was subsidising British Railways as a whole, that British Railways as a whole has a large deficit. If I thought that was the result of this application I would not be here making this application. From the inception of the London Lines (as they used to be called) of British Railways, and in line with your judgment of last time, it has always been said there should be no subsidy either from outside of London to British Railways in London or from British Railways in London to outside. We have never asked, and have no intention of asking, for any surplus just to subsidise what is outside.

But we say that the owners of the undertaking, who are the public, are entitled to have each piece of it run as efficiently as possible and as lucratively as is commercially permissible, and since we have to relate these London passengers' costs and look at them as one enterprise, we say they should be viewed as an ordinary commercial undertaking and not subsidise anyone but stand on their own feet, pay their expenses and produce a proper surplus such as would be thought proper in a soberly conducted business enterprise. We say, looking back at WWI, that we fulfil the test.

This table falls now to be corrected by adding £0.1m. to line 15, as Mr. Winchester conceded this morning by conceding the point brought forward yesterday by Mr. Whitaker, of the passengers who are non-London passengers but who travel in the wholly local trains. The £4.2m. becomes £4.3m. Then there is a sum, or revenue, available to meet interest and reserves. The interest was put at £4m.; it stands to be reduced again by reason of the point actually taken by Mr. Whitaker—accepted at once, when it was taken, by Mr. Winchester—by £0.2m., and in consequence the interest comes down to £3.8m. So you have interest £3.8m., margin available to meet it £4.3m., surplus £5m. over and above the interest payment. This is the situation which I ask you to say follows from an examination of the evidence and the great detail in which it has been examined, and I ask you, with confidence, to say that a margin of £5m. after you have paid your interest in a business with a turnover of £37½m. is a very small margin—less than what was called the irreducible minimum in the decision of the tribunal last time. It is a figure which does little more than permit of the replacement of the assets at current prices, and there is very little of a contingency element in it—and this is an element of great importance nowadays, when we have had years of inflation and there appears to be no sign of the line on the graph of inflation levelling. So this is the minimum prudent sum we can ask for, in my submission, and I turn briefly to examine the means by which we ask for it.

Very little attack has been made on those items of increased charge which are already in force, and it may be that my learned friends appreciate that there is little that can be said against them. Mr. Parker this morning was inclined to attack the percentage increase of the ordinary fares on the Fenchurch Line on the ground that the daily worker coming in from the district he represented would be met with an increase of a high percentage. I think he must have made those observations under a misapprehension. He was saying that this daily journey involved his commuter in a 10 per cent increase, for example, at 10 miles. That may well be so if one takes the ordinary single fare on the Fenchurch Street Line—lower indeed than all other British Railways fares up to last January.

But of course the fallacy is that his commuter does not take a single ticket or a single return ticket; he takes a season ticket, and if he takes a weekly season for 50 miles,

the increase which was put upon him last January was 4 per cent. (That figure is given in London Transport's table of the effect of these fares, printed at page 86 of the transcript.) If he takes a monthly ticket, he faces an increase—or faced it last January—of only 3.3 per cent. If he travels only five days a week, his weekly ticket costs 25s. 9d. whereas if he paid the ordinary fare he would pay 27s. 6d. Whoever dealt with that opposition was under misapprehension about the class of ticket the daily commuter takes.

The other point made by my learned friend was that the inhabitants of Barking complain that they have no cheap day, off peak ticket any more. It was those inhabitants who made spirited representations to this tribunal last time, which led the tribunal to reject my clients' proposal that that line should go over to British Railways' system of ordinary fare charging together with the undertaking to give a cheap day return, off peak. They refused it successfully. Now they want the best of both worlds: having got the cheap ordinary fares, they want the still cheaper off peak fares. You are not concerned with concessionary fares given below the maximum, and I pass from that with the observation and I turn to the fresh fares which are sought by my clients, namely the 1d. and young persons.

Not a great deal has been said about the 1d., and if you accept the case of the applicants, that more revenue is required and should be granted by a lifting of the maximum, I have not heard anyone say—not even my learned friend Mr. Molony—that the 1d. is not the right way to do it. My learned friend really was disposed to object to any increase on any ground, but he did not tackle the question of what class of traveller should bear an increase if the tribunal decided that an increase was right. In my submission, the omission by my learned friend was as eloquent as some of his other observations and shows plainly that the 1d. is the right way in social justice between the classes of user to get a part of the additional revenue; it is the right way because it taps a class of user who has not had an increase for a long time.

I come now briefly to the case of the young persons. I am astonished, or I was astonished, at the speed with which local authorities come to the financial support—provided it is paid for by the travellers—of teenagers in employment and earning wages. When I reflected, what the local authorities really feared it seemed less difficult to understand.

Local authorities have from time to time taken upon themselves the financial burden of assisting persons who are deserving of assistance with transport. There are many municipal transport undertakings throughout the country that have assisted various classes of disabled or underprivileged persons, and you will recall that it was said that the Birmingham Corporation, I think it was, was doing this ultra vires, and in consequence there was passed the Public Service Vehicles (Travel Concessions) Act, 1955, which permitted local authorities operating transport undertakings to make arrangements—I quote section 1 (1) —“for the granting of established travel concessions to qualified persons travelling in the public service vehicles run by the local authority or on any of those vehicles to which the arrangements relate.”

I pause to say that the word established meant that those who had been doing it ultra vires were now allowed to go on doing what they had been doing, but not to increase their activities.

The restriction was removed by the Travel Concessions Act of 1964, which enables local authorities to give these concessions whether or not they have previously so been doing, and the nub of it is section 1(v), which provides, in respect of travel concessions granted by them to qualified persons, that the council of a county borough or county district may, if they think fit, from time to time transfer to the credit of the account of their transport undertaking some from the general rate fund, being some not exceeding the cost to them of granting the concessions or so much of the cost as would not fall to be met out of the general rate fund apart from this subsection.”

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So there is the nub of the matter—the principle established by legislation as far as municipal undertakings in the provinces are concerned the deserving people may be given travel concessions, but they should be met out of the general rate fund, in other words subsidised not by other travellers but by the local authority's fund.

(Mr. Maclean): It does not say *should* be, but *may* be.

(Mr. Fay): I accept that. This is the first point I make on the Act, and I make it in circumstances of topicality, because yesterday in the House of Commons the Minister of Transport, having been asked by a Member if she would give further consideration to extending the powers of local authorities to arrange for concessionary bus fares for old people, replied: "Our 1964 Travel Concessions Act restored to local authorities full freedom to arrange travel concessions on municipal buses and pay for them out of the rates."

My learned friend will no doubt correct the Minister by post!

(Mr. Maclean): The correction stands; *may*, not *should*.

(Mr. Fay): This is what the Minister is reported as having said, in "The Times," and it is in accordance with what I am instructed is the practice.

What the Minister went on to say was: "It"—namely the Act—has broadly achieved its purpose. But there are still some difficulties in arranging concessions on municipal buses where their services are closely linked with those of non-municipal operators.

"I therefore intend to review the working of the 1964 Act and to consider the anomalies which have arisen in its working. I will consider all the representations that have been made, and will consult the associations representing local authorities. . . ."

So there is the trend of public opinion, namely the concessions may well be given or extended to non-municipal undertakings—I suppose British Railways could be so described—but the local authorities may bear the financial interest.

This is the first point on this view of the matter which I put before the Tribunal because it does show what Parliament is thinking is public policy on these matters.

The second point which emerges from the Act of 1955 is that in section 2 there is found the definition of the expression qualified persons—that is the shorthand phrase for those who are to be the recipients of the concession—and there is a list of six categories. (a) Men over 65 and women over 60; (b) persons whose age does not exceed 15 years; (c) persons whose age exceeds 15 years but does not exceed 16 years and who are undergoing full-time education; (d) blind persons; (e) persons suffering from any disability or injury which seriously impairs ability to walk, and finally members of the local authority.

I exclude the last category from my examination, and observe that these are persons who it is thought right by Parliament to allow municipalities to subsidise, and among that category are the kind of people who are subsidised today by the other travellers in London and who—I have lost the thread of what I was saying, I am afraid.

The reasoning behind Parliament, those who were to be the objects of this concession, was the very class of people whom we are not proposing to disturb, but they have omitted, strangely enough, apart from the blind and other deserving people, whose names have been put before this Tribunal by my learned friends, the young people in employment, and I regard this as an indication that the strength of their argument is not as great as might have been thought judging by some of the observations put before this Tribunal.

My learned friend Mr. Molony said that the Board had not the courage of its convictions because it was only proposing to withdraw privileges which it was proposing to withdraw and to be convenient it should have gone on to the abolition of half-rate tickets, whether the age was over or under 14. But life is like that. Then there are anomalies, they have to be tackled one by one. The Board do not exclude making some attack upon the privileges enjoyed by those in full-time education—that is a matter to be considered. The Board do not exclude making some contribution in the question of the children which may come up at some time in the future, but these are not matters before the Tribunal at the moment. What we are putting before you is a modest proposal and which is a real money matter, and which does so at the expense of persons who can, by and large, well afford it. I say "by and large," because there are different persons within this category of young persons who are earning money, and of course I accept at once it is in the public interest that those who are embarking upon a career should be assisted and encouraged to embark on a career, but it emerged from the evidence of the Youth Employment Officer of the Council that under recent legislation the training of these young people is cast as a burden on the particular industry and there is, under the legislation, a grant to the good employers who provide training facilities out of a fund subscribed by those who do not provide such facilities.

That is another pointer to the source from which any assistance should come. Of course, it may be logical for either the national taxpayer or the local taxpayer to assist, but there can be no logic in the conscience of the assistance at the expense of those persons who happen to travel by train and who have to be supported in that from the fares from those other passengers who pay the rest of the fares.

The approach of the Board in the interests of the taxpayer must surely be this: That the railway undertaking must be run commercially; this part of it no less than any other. The Board have said there is no room in a fare structure for concessionary fares, but of course some linger on, and they will have to be dealt with. Some were dealt with some time ago and I refer to the early morning fares, and your Tribunal not long ago, although I think under the régime of your learned predecessor, dealt with specific kind of concessionary fares which were given to the Police.

Here I quote from Volume 31 of the Traffic Cases, the case of the *British Transport Commission against the Dover Police Authority*, on page 23, where you will remember the Police enjoyed the right to a concession under the Cheap Trains Act, and that in one of the Transport Acts the amount of any concession was subject to the jurisdiction of the Tribunal.

The relevant part of the decision was this, that commercial considerations should be applied, and that there was no case for police officers being in a different position from that of the public generally. On page 27 it is said in the decision: "We are of opinion unless good cause be shown to the contrary, the Armed Forces and the Police should be charged for their conveyance at the same rates as those in operation for the public generally." Because of the late hour, I will not read further, but I invite the Tribunal so to do.

Then there was a view expressed by the Tribunal upon the commercial approach to concessions as opposed to what might be called the "national interest" in keeping Policemen happy or keeping local Police Authorities happy, and another reference by the Tribunal to this matter is contained in the useful memorandum, which I have already quoted twice, in paragraph 34, the concluding words: "The plain problem is that the price of transport facilities cannot possibly be so regulated as to vary in accordance with the means of those who buy them."

That was the view of the Tribunal in 1953, and I ask you to adhere to that view. The principle when revenue is needed, those who are enjoying concessionary fares should make the first contribution has been accepted by the

5 May, 1956]

[Continued]

Minister in his appellate capacity in respect of the affairs of road transport operators which are outside London and outside this Court's jurisdiction. I do not say the Minister has authority in any way binding on this Court, of course, but there is some utility in seeing what is done in the like case, and the principle which the Minister enunciated in his letter of Decision in what is usually called the "South Wales" case in 1958 said: "The Minister is of the opinion that the principle that when additional revenue is required concessionary fares should make the first contribution is sound." Then I cite from the case referred by Mr. Penney which was decided very recently, on the 22nd March, by the three Traffic Commissioners in respect of an application by the Thames Valley Company, a case in which children's fares were put up from a half to three-quarters, and in the decision of the Traffic Commissioners, which I again mention as an indication of the way in which public opinion should be, and in my submission rightly is running, was that they followed the Minister's appeal principle, that if additional revenue is required, concessionary fares should make a proper contribution.

Of course, there are some young people who ought not to be discouraged from transport, but one ventures to question whether the effect of such an increase is going to be as catastrophic as my learned friends suggest—and you will recollect, Sir, that one of their exhibits referred to Brighton and Southend. If you look at that table, you will find the fare which is paid by the young person is higher than anywhere inside the London Area. So there are persons who are going to pay and who are able and willing to pay a weekly sum as high as two-thirds the Brighton fare, and you are only concerned with fares from Hornham and other places within the London Area.

It is also said what a terrible thing it is that there will be a 50 per cent increase. I have not heard anyone say that young people in droves left the railway when they do suffer a 50 per cent increase, and every one of them do on their 18th birthday. As soon as the young person takes up his ticket after he is 18, he has lost his concession, and he has to pay 50 per cent more. We have not heard of any large numbers of 18 years olds staying away from transport because of this.

What my clients wish me finally to say is that they do fully appreciate there are young people to whom this concession is important, and to whom this would be a hardship, but the Tribunal has said in the past that it is not concerned with hardship, but my clients would be more than willing to co-operate with any suggestion that the withdrawal of this facility should come about gradually,

or in stages, or be postponed partly, or in any way in which the Greater London Council, or anyone else who has a genuine interest in the matter, might suggest.

We are not unreasonable people. Those instructing me have, in fact, got out a scheme for introducing the full fares over a three-year period. I would not weary you with the details of it unless, of course, you asked for it, and then, pursuant to their statutory duty—and they would do it gladly—my clients would, of course, furnish it at once. But I do wish to express their regret that the parties who have so vehemently opposed—one suspects because of the financial interest at the back of their minds, but I hope I am not imputing to them objects less worthy than those which were implied by their Council to my clients—have not ventured any constructive criticism. We have had destructive criticism in fair measure, but constructive suggestions not a word. I expressed my disappointment when cross-examining the Youth Employment Officer. But we are anxious to be constructive. As my learned friend rightly reminded you, when the Tribunal abolished early morning tickets (the name for the workmen's ticket) it ensured that the reduction came gradually. Indeed, very often in the past Charges Schemes have had delaying provisions, saying "Of the maximum increase so much now and a further easing in twelve months' time." All these devices are open and my clients are more than willing to discuss with the Tribunal any means by which, whether by undertaking or by provision in the scheme, there could be a softening of the impact. Of course, one has to remember that every softening of the impact also softens the amount of revenue which is gained and, as I have submitted, the revenue is needed; but these are matters which ought to be susceptible of a commonsense solution, and my last word is that my clients are anxious for that. It must be borne in mind that this is a maximum charges scheme. They could go on for ever giving the concessions although not a word appeared in the Order. They will not act unreasonably and the would welcome discussions either with the Greater London Council or indeed with the Tribunal if it were your wish that there should be any delay in this case. Thank you, Sir.

(Mr. Mercer): May I make one point of explanation? My point with regard to associated activities could be distinguished from the surplus land point which my learned friend referred to. Secondly, it is true, as I understand it, that this Tribunal is not bound by previous decisions, and for these reasons you may not think it will assist to go back in history as my friend has done.

(President): We will come to our decision in due course.

00750 : (1) Items whose expenditures incurred in 1914
(2) Items whose expenditures incurred in 1915

that is, the probability of a node being infected is proportional to the number of infected nodes it is connected to.

TRAVELLERS' ASSOCIATION—JOINT COMMITTEE

BRITISH RAILWAYS BOARD'S NET CAPITAL EXPENDITURE IN THE YEAR 1965 AND SUBSEQUENTLY AFFECTING PASSENGER SERVICES IN THE LONDON AREA

[illegible]

5 May, 1966]

[Continued]

TRAVELLERS' ASSOCIATIONS JOINT COMMITTEE
BRITISH RAILWAYS BOARD'S
DEPRECIATION AND AMORTIZATION ON
NET CAPITAL EXPENDITURE IN THE YEAR 1965 AND SUBSEQUENTLY
AFFECTING PASSENGER SERVICES IN THE LONDON AREA

JUNE 4
SUBJECT 2

Description of Work	Total Net Capital Expenditure				London Area Passengers' proportion of Net Capital Expenditure			
	Depreciable Assets		Way & Structures Assets		Depreciable Assets		Way & Structures Assets	
	1963 1964 1965	1963 1964 1965	1963 1964 1965	1963 1964 1965	1963 1964 1965	1963 1964 1965	1963 1964 1965	Total
	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.
Electrification Schemes:								
1 Southern Region—Extension of Electric Section, Stage 1 (Kent Coast)	0.7 0.7 0.6	0.6 0.6 0.7	1.3 1.5 1.3	0.1 0.1 0.0	0.1 0.1 0.1	0.2 0.2 0.1	0.2 0.2 0.1	
2 Eastern Region—								
Liverpool Street-Edgware / Chingford / Hertford E. Watlington's Road	0 0.2	0.2 0.2 0.2	0.2 0.2 0.4	0 0 0.2	0.2 0.2 0.1	0.2 0.2 0.1	0.2 0.2 0.1	
3 London, Tilbury and Southend Line	0.2 0.3 0.3	0.2 0.2 0.2	0.4 0.4 0.5	0 0 0.1	0 0 0.0	0 0 0.1	0 0 0.1	
4 Liverpool Street—Chingford / Southend (Conversion D.C.—A.C.) (1)	0 0 0.2	0 0 0.1	0.0 0 0.3	0 0 0	0 0 0.1	0 0 0.1	0 0 0.1	
Other Schemes:								
5 Eastern Region—								
Great Northern suburban services	0.2 0.2 0.1	— — —	0.2 0.2 0.1	0.2 0.2 0.1	— — —	— — —	0.2 0.2 0.1	
6 Lea Valley and Romford—Upminster Services	0.1 0.1 0	— — —	0.1 0.1 0	0.1 0.1 0	— — —	— — —	0.1 0.1 0.0	
7 London Midland Region—								
Marylebone suburban services	0.1 0.1 0.1	— — —	0.1 0.1 0.1	0 0 0.1	— — —	— — —	0 0 0.1	
8 St. Pancras suburban services	0.1 0.1 0.1	— — —	0.1 0.1 0.1	0.1 0.1 0	— — —	— — —	0.1 0.1 0	
9 Western Region—London and Bristol Rolling Stock, other than that relating to schemes listed above	0.1 0.1 0.2	— — —	0.1 0.1 0.2	0.1 0.1 0	— — —	— — —	0.1 0.1 0	
10 Southern Region (1)	0.4 0.4 0.4	— — —	0.4 0.4 0.4	0.2 0.2 0.2	— — —	— — —	0.2 0.2 0.2	
11 Southern Region—								
London Region—								
Chingford / Southend Services (including cost of conversion D.C.—A.C.)	0.2 0.2 0.1	— — —	0.2 0.2 0.1	0 0 0.1	— — —	— — —	0 0 0.1	
12 London, Midland Region—								
Watford Services	0.1 0.1 0.1	— — —	0.1 0.1 0.1	0.1 0.1 0.1	— — —	— — —	0.1 0.1 0.1	
13 Other Rolling Stock	0.6 0.6 0.4	— — —	0.6 0.6 0.4	0 0 0.1	— — —	— — —	0 0 0.1	
14 Change of Electricity Supply Frequency	0.1 0.1 0.1	0 0 0	0.1 0.1 0.1	0.1 0.1 0	0 0 0	0 0 0	0.1 0.1 0	
15 Reconstruction of Grosvenor Bridge (Victoria, S.R.)	0.2 0.2 0.4	0.7 0.7 0.7	0.4 0.4 0.4	0.1 0.1 0.1	0.2 0.2 0.1	0.2 0.2 0.1	0.2 0.2 0.1	
Other Schemes for which the amount charged against London Area passengers is less than £1m. (1)	2.5 2.5 2.9	1.0 1.0 1.2	3.5 3.5 4.1	0.4 0.4 0.4	0.4 0.4 0.4	0.4 0.4 0.4	0.4 0.4 0.4	
Depreciation & Amortization on Items	0.6 0.6 0.6	0.7 0.7 0.7	0.6 0.6 0.6	0.1 0.1 0.1	0.1 0.1 0.1	0.1 0.1 0.1	0.1 0.1 0.1	
Depreciation & Amortization on items that []								

NOTE: Figures that [] have been estimated as 1/20 of net book value for depreciation assets and 1/40 for way and structure assets.

* Note: Pending details of 1963 expenditure being available, amortization of depreciation taken as for 1964.

5 May, 1966]

[Continued]

JHW 4
SHEET 5

TRAVELLERS' ASSOCIATIONS JOINT COMMITTEE
B.R.B. AND B.T.C. CAPITAL EXPENDITURE ON ELECTRICAL MULTIPLE UNIT
VEHICLES IN THE YEARS SINCE 1955

Year	Annual Expenditure	Total to Year End	Depreciation in Year	Total Depreciation	Total Net Book Value Estimated	Estimated No. of Vehicles	Average Cost
	£000	£000	£000	£000	£000		£000
1956	4,366	4,366	—	—	4,366	308	14.2
1957	2,972	7,338	174	174	7,164	277	17.2
1958	7,775	15,113	293	467	14,646	306	
1959	12,672	27,785	635	1,102	26,578	762	16.4
1960	13,212	40,997	1,109	2,175	38,820	808	16.2
1961	7,162	47,957	1,632	3,807	44,150	554	14.8
1962	3,642	51,599	1,914	5,727	45,873	210	17.3
1963	1,584	53,183	2,127	7,854	45,328	118	30.6
1964	3,136	56,319	2,253	10,107	46,213	36	
1965	5,169	61,488	2,460	12,567	48,921	234	22.0
1966	—	—	—	—	—	—	—

Notes: (1) Annual Expenditure For 1956-1962 from B.T.C. Accounts
 For 1963-1965 supplied by B.R.B.

(2) The accumulated net book value is an 'estimated' value which may not agree with B.R.B.'s book value because of the change in the period of depreciation at the end of 1962, and consequent adjustments.

(3) The depreciation has been calculated on a twenty-five year basis in accordance with paragraph 20 of the "Notes on Accounts" with B.R.B.'s Annual Report and Accounts 1960, page 14.

(4) In calculating net book values of sales or sales of scrap have been omitted.

5 May, 1966]

[Continued]

NEW 4
SHEET 4

TRAVELLERS' ASSOCIATIONS JOINT COMMITTEE
R.B.B. POST-1965 BUILDING OF ELECTRICAL MULTIPLE UNIT VEHICLES

Year	Schemes affecting Area Passengers										Non-Area Schemes					Estimated			
	Southern Region					Eastern Region					Midland Region					T.A.I.C.	B.R.B.		
	M.L.	M.D.	S.P.	S.D.	Sub.	M.L.	S.P.	Sub.	M.L.	S.P.	Sub.	S.R.	E.R.	M.R.	S.R.			N.E.	Total
1956	24	—	—	—	156	—	128	—	—	—	—	—	—	—	—	—	—	308	475
1957	—	72	22	—	—	—	—	—	—	—	—	167	36	—	—	—	—	277	722
1958	96	66	74	—	2	—	36	—	—	—	—	24	8	—	93	—	—	306	246
1959	140	—	164	—	—	—	336	—	—	—	—	—	30	—	52 (Barry)	—	—	762	785
1960	112	—	174	—	—	—	152	156	—	—	—	—	—	160	164	—	—	808	851
1961	132	—	78	—	44	—	72	165	—	—	—	—	—	52	69	—	—	554	578
1962	4	—	4	57	40	56	—	—	—	—	—	—	21	—	28	—	—	210	100
1963	24	—	54	—	20	20	—	—	—	—	—	—	—	—	—	—	—	118	113
1964	36	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	36	36
Total	568	174	346	57	436	76	724	261	—	96	171	95	—	232	273	—	—	3,377	3,387
1965	144	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	234	234
1966	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	712	138	346	57	436	76	724	261	—	96	171	95	—	232	273	—	—	3,611	3,621

Notes: (a) Two motor luggage vans were built in the years 1959 and 1960 and six in 1961. Total 10.

(b) 1,377 plus 10 = 1,387. This is the number of E.M.U. vehicles shown in R.B.B. and B.T.C. Accounts as having been built in the years 1956 to 1964 inclusive.

(c) Figures for 1965 are provisional as R.B.B. have not supplied information requested for this year.

(d) M.L. = Mainline Electric Stock.

M.D. = Mainline Diesel Electric Stock.

S.P. = Commuter Stock or Semi-fast Stock.

S.D. = Commuter Diesel Electric Stock (semi-fast).

Sub. = Suburban Stock with only second class accommodation.

5 May, 1966]

[Continued]

JHW 4
SHEET 3

TRAVELLERS' ASSOCIATIONS JOINT COMMITTEE
BRITISH RAILWAYS BOARDS
CAPITAL EXPENDITURE IN THE YEAR 1963 AND SUBSEQUENTLY
AFFECTING PASSENGER SERVICES IN THE LONDON AREA

Description of Work	Total Not Capital Expenditure				London Area Passengers' proportion of Not Capital Expenditure			
	Depreciable Assets		Way & Structures Assets		Depreciable Assets		Way & Structures Assets	
	1963 1964 1965 £m	1963 1964 1965 £m	1963 1964 1965 £m	1963 1964 1965 £m	1963 1964 1965 £m	1963 1964 1965 £m	1963 1964 1965 £m	Total 1963 1964 1965 £m
Classification Schemes:								
1 Southern Region—Expansion of Elephant Roadway, Stage 1 (Kent Coast) ..								
Eastern Region—								
2 Liverpool Street-Falkland / Chingford / Brentford E. (Bishop's Stortford) ..								
3 London, Tilbury and Southend Line ..								
4 Liverpool Street-Chingford / South- end (Kewston D.C.-A.C.) (I) ..								
London Midland outer suburban elec- trification of Euston Station ..	2.8				1.3		2.7	4.0
Dual Schemes:								
5 Great Northern suburban services ..								
6 Lea Valley and Royston-Upminster Services ..								
7 London Midland Region—								
8 Marylebone suburban services ..								
9 St. Pancras suburban services ..								
Western Region—London direct multiple main stations and branches ..								
Railway Board (other than that relating to schemes listed above):								
10 Electric Multiple Units—								
11 Southern Region (I) ..	1.5	2.4			0.2	0.2		0.2 0.2
12 Eastern Region—for Liverpool Street- Chingford / Southern Services (in- cluding cost of conversion D.C.-A.C.) ..								
13 London Midland Region—for Euston- Watford Service ..								
14 Other Rolling Stock ..								
15 Change of Electricity Supply Frequency —Southern Region ..								
Reconstruction of Grosvenor Bridge (Victoria, S.R.) ..								
Watney and City Railways—Transfer of Cotton Street Station ..								
Other schemes for which the amount charged against London Area passen- gers is less than 50c. (I) ..								
	0.1		1.4 0.7	1.1	0.1		1.0 0.6	1.0 1.0
			2.2		0.2		0.8	1.0
	2.4	5.2	4.4	17.7	0.5	1.5	2.4	2.9 5.2
	3.1	3.3	1.7	1.8	1.1	1.2	0.6	1.7 1.8
	-7	1.9	2.7	13.8	-6	0.3	-1.8	1.2 3.4
Total Depreciation & amortisation								
Not Capital								

5 May, 1966]

(Continued)

JHW 4

SHEET 6

TRAVELLERS' ASSOCIATIONS—JOINT COMMITTEE

PROPORTION OF B.R.B. AND B.T.C. CAPITAL EXPENDITURE ON ELECTRICAL
MULTIPLE UNIT VEHICLES IN THE YEARS SINCE 1955 ON SCHEMES AFFECTING
AREA PASSENGERS

Year	Estimated Annual Expenditure	Estimated Total to Year End	Total Gross* Book Value	Total Net* Book Value	Estimated No. of Vehicles
	£000	£000	£000	£000	
1956	4,370	4,370			308
1957	2,598	6,968			241
1958	7,560	14,528			298
1959	9,650	24,178			590
1960	9,718	33,896			594
1961	5,620	39,516			433
1962	2,880	42,396	37,400	33,900	160
1963			40,400	35,300	118
1964	no account taken of		40,400	33,800	36
1965	scrap or sale proceeds		45,400	37,200	234
1966					

Notes:

- (a) The gross expenditure has been calculated on the number of vehicles given multiplied by the average cost given in previous exhibit, JHW 4 Sheet 5 and are only approximate.
- (b) Total gross book values and total net book values provided by B.R.B. and are based on their accounting method, and differ from those in B.T.C. 1962 Accounts.

EXHIBIT JHW 4

SHEET 7

MODERN RAILWAYS—DECEMBER 1965

MORE LONDON SITES AVAILABLE

The Marylebone site is one of some 300 in the London area which are surplus to BR requirements and have been or are being examined by the BRB in conjunction with the GLC and London boroughs. They comprise land, closed stations and depots, sidings, blocks of dwelling houses and air space over operational railway tracks (for decking over). Negotiations for sale to the GLC or to the boroughs have been completed in respect of 38 sites totalling some 240 acres since 1963 (see list below). A further 70 sites totalling 510 acres and including air space over tracks also listed below are already available and have all been offered to the councils, which are considering their suitability for future municipal use. Of the remaining sites, totalling 250 acres, preliminary details have been supplied to the GLC in many cases and the rest either are not yet available or are still being examined. The lists, which are extracts of full schedules issued by the BRB, show the great variety of uses to which sites have been put in the past or are being put at present. The most notable proposals are for building over the West London tracks near Olympia and over Paddington freight depot. Changes in workshop organization make available the Stamford Works site, and the reduction in locomotive-hauled trains that of Eardley carriage sidings. Wholesale changes in the pattern of freight services will continue to make surplus the sites of many depots and yards.

Some sites negotiated since 1963

Region	Former Rly.	Site	Approx. Acreage
ER	GE	Little Ilford closed rambolling yard	10
SR	SEC	Catford: sports ground and allotments	10
SR	LSW	Raynes Park: sports ground	17
ER	LTS	Finestra n.p.d.	8
LMR	GN	Mill Hill: part of Edgware branch	2
WR	GW	Stratfield goods depot	3
LMR	Mid	Kentish Town Steam Depot and Engine Shed	7
ER	NL	Bow: former NLR loco works	8
ER	GE	Enfield: land acquired by GER for development alongside Cambridge main line; partly waste land	90

Some sites now under examination

Region	Former Rly.	Site
LMR	LNW	Cospel Oak coal yard
ER	GE	At Clapton station*
LMR	NL	At Canonsbury station*
SR	SEC(T)	New Cross: Goldsmiths College
LMR	Mid	At West Hargreaves station*
WR	GW	Old Oak Sidings adjoining canal
LMR	LNW	At Kilburn station*
LMR	NL	At Highbury & Islington station*
LMR	NL	At Dalston Junction station*
WR	GW	Over Paddington goods station
SR	SEC	Blackfriars goods depot
ER	LNW	Near Fenchurch Street: Haydon Square goods depot
ER	GE	Near Fenchurch Street: Goodman's yard goods depot
WR	WL	Over railway adjoining Kensington Olympia
SR	LSW	Over railway east of Putney station
ER	NL	Bow (closed) passenger station, including former NLR headquarters
ER	GE	Bishopsgate and Spitalfields goods depot, including Bishopsgate Continental depot, burnt in 1964
SR	LBSC	Dapford Wharf
SR	LBSC	Eardley carriage sidings
SR	LSW	At Hampton station
LMR	GC	Sudbury & Harrow Road sports ground and coal yard
ER	GE	Stamford loco works
SR	LSW	At Norbiton station

* "At" a passenger station denotes adjacent sidings and goods yard

† This will apparently make impossible any high-level connecting line to Liverpool Street terminals from the former GE main line to Broad Street as a relief

5 May, 1966]

[Continued]

JHW 4
SHEET 8TRAVELLERS ASSOCIATIONS—JOINT COMMITTEE
BRITISH TRANSPORT HOTELS

The following list of B.T. Hotels is based on the January, 1965 Western Region timetable page 271. The number of rooms and classification is taken from the A.A. Members Handbook.

Name of Hotel	Location	Approximate No. of Bedrooms	Classification
Charing Cross	London	218	
Great Eastern	London	198	
Great Northern	London	78	
Great Western	London	208	
Queens Hotel	Birmingham	168	4 star (since sold)
Midland	Birmingham	81	3 star
Midland	Derby	60	3 star
Royal Station	Hull	125	4 star
Queen's	Leeds	200	4 star
Adelphi	Liverpool	229	4 star
Exchange	Liverpool	108	4 star
Midland	Manchester	313	4 star
Manor House	Northampton	68	4 star
Royal Station	Newcastle-upon-Tyne	142	4 star
Great Northern	Peterborough	35	4 star
Tregent Castle	St. Ives	91	4 star
Zetland	Salisbury-by-Sea	42	3 star
Royal Victoria	Sheffield	64	4 star
Walscombe	Stratford-upon-Avon	56	4 star
Grand	West Hartlepool	45	3 star
Royal Station	York	122	4 star
Station	Aberdeen	63	4 star
Dornoch	Dornoch	55	4 star (since sold)
Station	Dumfries	28	3 star
Caladenian	Edinburgh	174	4 star
North British	Edinburgh	200	4 star
Central	Glasgow	242	4 star
North British	Glasgow	82	4 star
St. Bnoch	Glasgow	148	4 star
Clackmagna	Glasgow	200	5 star
Station	Inverness	73	4 star
Lochalsh	Kyle of Lochalsh	36	3 star
Station	Perth	55	4 star
Turnberry	Turnberry	158	4 star
Total number of bedrooms		4,197	

B.R. 1964 Accounts

gross book value £7,502,000 buildings, £2,551,000 equipment
net book value £7,132,000 buildings, £2,004,000 equipment

Earnings net £1,197,000 or 13.2% of net book value
Annual receipts £10,015,000.

5 May, 1966]

[Continued]

EXHIBIT JHW 4

SHEET 9

TRAVELLERS' ASSOCIATIONS—JOINT COMMITTEE

British Rail Ships

From B.R.B. Accounts 1964

p. 42	At the end of 1964 B.R. owned 90 ships	
p. 22	The gross book value of "Ships" operational buildings was	£1,509,500
p. 20	The gross book value of the ships and plant and equipment	£35,915,000
		<u>£37,424,500</u>
p. 22	The net book value of the operational buildings was	£1,313,000
p. 20	The net book value of ships, plant and equipment	£24,134,000
		<u>£25,447,000</u>
p. 14	The working surplus in 1964 was	£5,134,000
	Representing a return on net book value of	20%

EXHIBIT JHW 4

SHEET 10

TRAVELLERS' ASSOCIATIONS—JOINT COMMITTEE

British Rail Harbours

From B.R.B. Accounts 1964

p. 42	the Board at the end of 1964 owned 53,443ft. of quay of which 50,626ft. was in operational use. The Harbours involved included (—)Hyth, Petts Warden, Haywards, Holyhead, Newhaven, Parkston, and Poplar	
p. 22	The gross book value of the operational buildings was	£4,996,000
p. 20	The gross book value of the plant and equipment was	£1,671,000
		<u>£6,667,000</u>
p. 22	The net book value of the operational buildings was	£2,968,000
	The net book value of the plant and equipment was	£952,000
		<u>£3,920,000</u>
p. 14	The working surplus in 1964 was	£206,000
	Representing a return on the net book value of	5.25%

5 May, 1966]

[Continued]

EXHIBIT JHW 4

SHEET 11

TRAVELLERS' ASSOCIATIONS—JOINT COMMITTEE

Extract from R.R.B.'s Exhibit WW 6 of 1963 and 1964 Hearings
 Net Capital Expenditure in the Years 1956 to 1963 and 1964
 Affecting Passenger Services in the London Area

	1963	1964	EMU's only 1964
Electrification Schemes			
Southern Region—Expansion of Electrification Stage 1 (Kent Coast)	£m. 13.7	13.0	8.0
Eastern Region			
Liverpool St. — Enfield / Chingford / Hertford B. / Bishops Cleeve	4.1	4.1	3.7
London Tilbury Southend	8.1	7.9	6.9
Liverpool St. — Chelmsford / Southend (Conversion D.C. to A.C.)	2.1	2.1	1.2
Rolling Stock (other than relating to schemes listed above)			
Electric multiple units			
Southern Region	8.4	9.5	9.5
Eastern Region — for Liverpool St. / Chelmsford / Southend (including cost of D.C./A.C. conversion)	3.1	2.9	2.9
London Midland Region for Euston-Watford ...	1.7	1.6	1.6
	£m. 41.1	41.2	33.8

5 May, 1966]

[Continued]

EXHIBIT J1W4

SHEET 12

Item No. 2/F

CAPITAL STRUCTURE

The interpretation of British Railways' Capital Reconstruction (under the 1963 Act) used by them as a basis for calculating interest charges in the London Area is considered inequitable.

- (1) This method of calculation makes no allowance for the reserve created and being realised by B.R. in surplus property, scrap and excess spares carried.
- (2) The allocation of the capital represented by the investment in savings bank, super-annuation and retirement funds takes no account of the requirements of the remainder of B.R. for financing outstanding traffic accounts, other debtors, stores and materials—which do not arise in the London Area.
- (3) The B.R.B. has several remunerative subsidiary activities which at least in theory could be sold off at an appreciably higher figure than their net book value, the proceeds being used to reduce the capital debt.
- (4) The Board owns interests in other transport undertakings with a value in the accounts of £m. 2.2.

At the beginning of 1963 the Board had interest-bearing liabilities of

	£m.
Staff Savings Banks deposits	42.9
Staff Superannuation Funds	157.5
Retirement Benefits	112.0
Debt to Minister	292.4
	857.1
	1,149.5
Interest charges in 1963 were	52.9
Less charged to capital account	1.8
	58.1

Giving an average interest charge of 5.056%

The 1962 Act is vague as to what assets the capital liability of deposits, etc., amounting to £m 292.4 applies, or if indeed they apply to fixed assets rather than working capital.

To try to establish a reasonable pattern a statement of capital employed has been drawn up and is given below. This discloses the suspended debt and shows the position at the beginning of 1963 for B.R. as a whole, but for the Area the figures have been based on WW4 1963, which probably over-estimates the Area post-1955 expenditure.

In preparing the following statement of capital employed for the London Area, the asset value has been based on WW4 1963 and is probably £m. 1 high. The value of stores has been promoted from the 1964 B.R. figure of £m. 63.3 in the ratio of the area post-1955 assets to B.R. post-1955 assets of £m. 857.1.

Creditors has been arrived at by taking 5% of the B.R. 1963 January figure.

EXHIBIT J1W4

SHEET 13

Item No. 2/F

CAPITAL EMPLOYED AT 1.1.63

Built up from B.R.B. 1963 Accounts pp. 4 and 7 ignoring the suspended debt.

	All B.R. £m.	Proportion London Area £m.	
Bank			
Balance and cash	4.0	nil	
Outstanding traffic accounts	52.8	nil	
Other debtors and payments in advance	18.6	nil	
Stores and materials	82.8	4.0	63.3 x 53.4/857.1
Post 1955 Assets	158.2	4.0	
Interest in other undertakings	857.1	53.4	
	2.9	nil	
	1,018.2	57.4	
Less creditors and accrued expenses	61.6	3.0	
Prepayment of season tickets	—	1.3	5% of £m. 60.3
Unallocated balance of interest bearing assets	956.6	53.1	
	192.9	—	
	1,149.5	—	

The area interest charge on £m. 53.1 at 5.056% would be £m. 2.68.

The open question is what proportion of the unallocated interest charges should be allocated to the Area. On B.R.'s 5% basis this would amount to £m. 9.6, assuming interest charges of £m. 0.49, producing total interest charges of £m. 3.17 for 1963 and 1964 compared with £m. 3.4 charged in 1964 according to the 1963 hearing.

5 May, 1966]

[Continued]

Item No. 2/F

EXHIBIT JHW 4
SHEET 14

It is felt that this approach would be unfair to the Area because the following subsidiary activities of B.R. are really independent of rail operation and could in theory be sold.

Ships	...	...	...	...	Profit in 1963	...	...	£m. 4.7
Harbours	...	...	...	...	Profit in 1963	...	...	£m. 0.2
Hotels	...	...	...	...	Profit in 1963	...	...	£m. 0.9

The book value at 1.1.63 of these assets was as follows:—

							Gross	Net
Ships	Plant and equipment	...	...	...	...	...	31.9	22.4
	Operational buildings	...	...	...	...	...	1.3	1.2
						£m.	35.2	£m. 23.6
Harbours	Plant and equipment	...	...	...	...	...	1.7	1.1
	Operational buildings	...	...	...	...	...	4.4	2.3
						£m.	6.1	£m. 3.4
Hotels	Plant and equipment	...	...	...	...	...	1.3	1.3
	Operational buildings	...	...	...	...	...	7.2	7.2
						£m.	8.5	£m. 8.5
Total							£m. 49.8	£m. 35.5

We thus have for these subsidiary activities an income of £m. 5.8 against book values of £m. 49.8 gross and £m. 35.5 net, to which must be added in consideration of their value, the present land values. This will be considerable in the case of the hotels, as they are frequently centrally situated in major towns and cities.

In view of the potential development value of these subsidiary activities, it is felt that their market value should be on a five per cent basis which would give a value of £m. 116. This could well be an under estimate, as in 1964 the income was £m. 5.5. It is suggested that the figure of, say £m. 120 should be set against the unallocated balance on Sheet 13 before arriving at the area proportion.

In the absence of any better evidence, the balance of £m. 72.9 will be presented to the area on the basis of the B.R. 3% giving a figure of £m. 3.6 which at 5.056% would attract interest charges of £m. 0.18, bringing the total area interest charge to £m. 2.86 for 1964.

Item No. 2/F

EXHIBIT JHW 4
SHEET 15

This approach means that the remaining subsidiary activity of B.R.B.—“The letting of sites and buildings not in operational use”—has been included in the proportion of the unallocated balance of assets charged the area.

This has been done as it is felt that this is not a truly subsidiary activity but is closely involved with the railway operation. Indeed, with the changing activity of the railways there are transfers of land and buildings from operational use to non-operational use for letting and sale.

Retaining this part of the B.R.B.'s operation with the railways, and taking the capital and income into account, puts the Area on a par with the London Transport Board, whose 1964 accounts reveal:—

p 37 Other receipts

						£
Commercial advertising	...	...	...	...	...	1,503,119
Letting of sites, shops, etc.	...	...	...	...	...	417,288
Letting of surplus properties	...	...	...	...	...	547,866
						£2,468,253

These receipts are about 2½% of the L.T. revenue.

Historically, it may be pertinent to mention that some of the L.T. lines are old Railway Company lines and as such had local sidings for goods.

The revenue from these where let or capital where sold provides money for L.T. account which helps to meet the passenger charges.

5 May, 1966]

(Continued)

EXHIBIT JFW 4

SHEET 16

The above considerations give the estimated interest charge in 1964. It is now necessary to bring this charge up to date for the future year now under consideration.

Interest charge for 1964							£m.
							2.86
Additional capital in 1964						£m. 1.2	
(provided from provisions and saving bank deposit increases in 1963)							
5% of £7					£m. 0.350 @ 4%		0.014
From new capital					£m. 0.850 @ 5.58%		0.074
Interest charge for 1965							2.921
Additional capital in 1965						£m. 4.8	
(provided from provisions and savings bank deposit increases in 1964)							
Say 5% of £m. 6					£m. 0.3 @ 4%		0.012
From new capital					£m. 4.5 @ 5.58%		0.252
Interest charge in "future year" 1966							3.185
Plus interest uplift for deferred capital redemption							
					$\frac{99.4}{857.1} \times £m. 90 \times 0.545\%$ say		0.035
							£m. 3.220

5 May, 1966

(Continued)

JHW 4
SHEET 3

TRAVELLERS' ASSOCIATIONS JOINT COMMITTEE

BRITISH RAILWAYS BOARD

CAPITAL EXPENDITURE IN THE YEAR 1963 AND SUBSEQUENTLY
AFFECTING PASSENGER SERVICES IN THE LONDON AREA

Revised 1.5.66

Description of Work	Total Capital Expenditure				London Area Passenger's proportion of Capital Expenditure			
	Depreciable Assets	Way & Structures Assets	Total	1963 1964 1965 £m.	Depreciable Assets	Way & Structures Assets	Total	
	£m.	£m.	£m.		£m.	£m.	£m.	
Electrification Schemes:								
1 Southern Region—Extension of Electrification, Stage 1 (Kent Coast) ...				1963 1964 1965	1963 1964 1965	1963 1964 1965	1963 1964 1965	
2 Eastern Region—								
Liverpool Street-Enfield / Chingford /								
Hertford E./Rushley's Shortford ...								
3 London, Tilbury and Southend Line				0.1				
4 Liverpool Street—Chesham/Borg / South-		0.1						
end (Coronation D.C.—A.C.) (1)								
5 London Midland outer Suburban Elec-								
trification of Basing Station	2.4	16.6	19.4		1.3	2.3	4.0	
Diesel Schemes:								
6 Eastern Region—								
Great Northern suburban services								
7 Great Northern suburban services								
8 East Valley and Romford—Upminster								
Services								
9 London Midland Region—								
Marylebone suburban services								
10 St. Pancras suburban services								
11 Western Region—London diesel multiple								
unit scheme and extension								
Rolling Stock (other than that relating to								
schemes listed above):								
12 Electric Multiple Units—	1.5	2.1	1.5	2.1	0.2	0.2	0.2	0.2
Southern Region (1)								
13 Eastern Region—for Liverpool Street—								
Chesham/Borg / Southend Services (in-								
cluding cost of conversion D.C.—A.C.)								
14 London Midland Region—for Eastern								
Region Services								
15 Other Rolling Stock								
Change of Electricity Supply Frequency								
Reconstruction of Gowerham Bridge								
(Victoria, S.R.)								
16 Waterloo and City Railway—Travelers		1.4	0.4	1.4	0.1	1.0	1.0	0.3
Canon Street Station	0.1	0.7	0.8	1.1		0.6	0.7	1.0
17 Other Schemes (for which the amount								
charged against London Area passen-								
gers is less than £1m. (1))	0.8	2.3	2.0	2.3	0.2	0.6	1.0	1.1
From Depreciation & amortisation	2.4	4.4	6.4	25.3	0.5	2.4	2.9	6.6
New Capital	3.1	1.9	4.8	5.2	1.1	0.6	1.7	1.8
Net Capital	—0.7	2.7	2.0	20.1	—0.6	+1.8	1.2	4.8

5 May, 1966]

[Continued]

EXHIBIT GLC 1

TYPES OF EMPLOYMENT ENTERED BY BOYS/GIRLS UNDER 18 IN 1964

(a) I.L.E.A. area

Age at entering employment		Apprentices	Artists etc.	Clerical	Operatives training	Other	Total
15	Boys	1,639	5	934	3,129	3,435	9,163
	Girls	824	1	4,372	1,366	1,973	8,536
16	Boys	1,407	87	1,637	1,028	604	4,853
	Girls	234	25	3,471	340	342	4,412
17	Boys	716	114	1,049	271	172	1,922
	Girls	75	30	1,388	132	175	1,800
Totals	Boys	3,382	207	3,620	4,428	4,301	15,938
	Girls	1,133	56	9,233	1,838	2,490	14,748

(b) London & S.E. Region

By type of employment			By age		
		(B)	(G)		
Apprentices	...	14,727	3,920	15	14,169
Pupils	...	1,003	577	16	16,674
Clerical	...	10,671	28,817	17	6,802
Operative target	...	14,311	6,510	Totals	57,445
Other	...	16,300	12,533		52,577
Totals	...	57,445	52,577		

EXHIBIT GLC 2

RATES FOR APPRENTICES: CENTRAL LONDON

Jewellery					Current	From 44.66
					£ s. d.	£ s. d.
1st year	...	...	...	...	3 10 0	4 5 0
2nd "	...	...	...	...	4 15 0	5 10 0
3rd "	...	...	...	...	6 10 0	7 10 0
4th "	...	...	...	...	7 10 0	8 10 0
5th "	...	...	...	...	9 10 0	11 0 0
Printing					£ s. d.	
1st year	...	...	...	...	4 17 8	
2nd "	...	...	...	...	5 13 8	
3rd "	...	...	...	...	7 6 6	
4th "	...	...	...	...	8 19 0	
5th "	...	...	...	...	10 11 10	
6th "	...	...	...	...	12 4 2	
Hairdressing					£ s. d.	
1st 6 months	...	...	...	...	2 10 6	
2nd "	...	...	...	...	2 16 0	
3rd "	...	...	...	...	3 8 6	
4th "	...	...	...	...	3 14 6	
5th "	...	...	...	...	4 8 6	
6th "	...	...	...	...	4 14 0	
Catering					£ s. d.	
1st year	...	...	...	...	4 6 0	Approx.
2nd "	...	...	...	...	5 7 0	
3rd "	...	...	...	...	6 8 0	
4th "	...	...	...	...	7 8 0	
Electrical Contracting (London rates)					£ s. d.	
15 years	...	...	...	...	4 0 0	
16 "	...	...	...	...	4 15 0	
17 "	...	...	...	...	5 11 8	

5 May, 1966]

[Continued]

EXHIBIT GLC 3

ADULT RATE FEBRUARY, 1966

London Termini	Region	Station	Week £ s. d.	Month £ s. d.	Quarter £ s. d.
Cannon Street	L.T.B.	Barking	1 3 9	4 6 0	11 13 0
Cannon Street	L.T.B.	Buckham	1 6 9	3 19 0	10 14 0
Charing Cross	B.R. (S)	Bodley	1 12 9	5 09 0	16 2 0
Cannon Street	B.R. (S)	Bodley	1 11 9	5 13 0	15 6 0
Liverpool Street	B.R. (E)	Branstree	2 0 3	7 6 0	19 15 0
Charing Cross	B.R. (S)	Brimsley North	1 7 6	5 0 0	13 10 0
Cannon Street	B.R. (S)	Brimsley North	1 6 9	3 19 0	10 14 0
Victoria	B.R. (S)	Brimsley South	1 7 6	5 0 0	13 10 0
Holborn Viaduct	B.R. (S)	Brimsley South	1 9 6	5 7 0	14 9 0
Liverpool Street	B.R. (E)	Chingford	1 7 6	5 0 0	13 10 0
Cannon Street	L.T.B.	Dagenham	1 9 6	5 7 0	14 9 0
Charing Cross	B.R. (S)	Gravesend	2 7 3	8 11 0	23 2 0
Fenchurch Street	B.R. (E)	Grays	2 1 9	7 10 0	20 8 0
Fenchurch Street	B.R. (E)	Hornchurch	1 12 9	5 19 0	16 2 0
Kings Cross	B.R. (E)	Hornsey	16 0	2 18 0	7 17 0
Liverpool Street	B.R. (E)	Ilford	1 1 9	3 19 0	10 14 0
Liverpool Street	B.R. (E)	Laindon	2 2 0	7 13 0	20 14 0
Cannon Street	L.T.B.	Loughton	1 11 3	5 13 0	15 6 0
Liverpool Street	B.R. (E)	Rayleigh	2 16 6	10 5 0	27 14 0
Liverpool Street	B.R. (E)	Romford	1 11 3	5 13 0	15 6 0
Charing Cross	B.R. (S)	Sidcup	1 7 9	5 0 0	13 10 0
Cannon Street	B.R. (S)	Sidcup	1 7 9	5 0 0	13 10 0
Charing Cross	B.R. (S)	Tonbridge	2 15 0	9 19 0	26 18 0
Cannon Street	B.R. (S)	Tonbridge	2 4 6	8 1 0	21 15 0
Kings Cross	B.R. (E)	Wood Green	16 0	2 18 0	7 17 0

Applicants of 14 and under 16 at HALF of above rates.

Applicants of 16 and under 18 at TWO-THIRDS of above rates.

Provided that application is made on the forms provided by the B.R. or L.T.B. and supplied via local stations.

5 May, 1966]

(Continued)

EXHIBIT GLC 2

(continued)

RATES FOR APPRENTICES: CENTRAL LONDON

Jewellery					Current	From 4.4.66
					£ s. d.	£ s. d.
1st year	...	...	...	...	3 10 0	4 5 0
2nd "	...	...	...	...	4 15 0	5 10 0
3rd "	...	...	...	...	6 10 0	7 10 0
4th "	...	...	...	...	7 10 0	8 10 0
5th "	...	...	...	...	9 10 0	11 0 0
Printing					£ s. d.	As at 17.5.65
						£ s. d.
1st year	...	...	...	...	4 17 8	4 17 10
2nd "	...	...	...	...	5 11 8	6 5 9
3rd "	...	...	...	...	7 6 6	7 11 9
4th "	...	...	...	...	8 19 0	9 1 8
5th "	...	...	...	...	10 11 10	10 9 8
6th "	...	...	...	...	12 4 2	
*Engineering					March, 1966	
					£ s. d.	
16 years	...	...	...	...	6 1 10	
17 "	...	...	...	...	4 19 7	
18 "	...	...	...	...	6 15 1	
Hairdressing					£ s. d.	
1st 6 months	...	...	...	...	2 10 6	
2nd "	...	...	...	...	2 16 0	
3rd "	...	...	...	...	3 8 6	
4th "	...	...	...	...	3 14 6	
5th "	...	...	...	...	4 8 6	
6th "	...	...	...	...	4 14 0	
Catering					£ s. d.	
1st year	...	...	...	...	4 6 0	} Approx.
2nd "	...	...	...	...	5 7 0	
3rd "	...	...	...	...	6 8 0	
4th "	...	...	...	...	7 8 0	
Electrical Contracting (London rates)					£ s. d.	
15 years	...	...	...	...	4 0 0	
16 "	...	...	...	...	4 15 0	
17 "	...	...	...	...	5 11 8	

* Source Industrial Relations Officer of Ministry of Labour

5 May 1966

[Continued]

EXHIBIT GLC 3

(unreduced)

ADULT RATE FEBRUARY, 1966

London Termini	Region	Station	Week £ s. d.	Month £ s. d.	Quarter £ s. d.
Cannon Street ...	L.T.B.	Barking	1 3 9	4 6 0	11 13 0
Cannon Street ...	L.T.B.	Becktonham	1 3 9	4 13 0	12 12 0
Charing Cross ...	B.R. (S)	Banley	1 12 9	5 09 0	16 2 0
Cannon Street ...	B.R. (S)	Banley	1 14 9	5 13 0	15 6 0
Liverpool Street ...	B.R. (S)	* Bromwood	2 0 3	7 6 0	19 15 0
Charing Cross ...	B.R. (S)	Bromley North	1 7 6	5 0 0	13 10 0
Cannon Street ...	B.R. (S)	Bromley North	1 5 9	4 13 0	12 12 0
Victoria ...	B.R. (S)	Bromley South	1 7 6	5 0 0	13 10 0
Holborn Viaduct ...	B.R. (S)	Bromley South	1 9 6	5 7 0	14 9 0
Liverpool Street ...	B.R. (S)	Chingford	1 7 6	5 0 0	13 10 0
Cannon Street ...	L.T.B.	Dagenham	1 9 6	5 7 0	14 9 0
Charing Cross ...	B.R. (S)	Gravesend	2 7 3	8 11 0	23 2 0
Fenchurch Street ...	B.R. (S)	* Gays	2 1 9	7 11 0	20 8 0
Fenchurch Street ...	B.R. (S)	Hornchurch	1 12 9	5 19 0	16 2 0
Kings Cross ...	B.R. (S)	Hornsey	16 0	2 18 0	7 17 0
Liverpool Street ...	B.R. (S)	Ilford	1 1 9	3 19 0	10 14 0
Liverpool Street ...	B.R. (S)	* Laindon	2 5 9	8 6 0	22 9 0
Cannon Street ...	L.T.B.	Loughton	1 11 3	5 13 0	15 6 0
Liverpool Street ...	B.R. (S)	* Rayleigh	2 16 6	10 5 0	27 14 0
Liverpool Street ...	B.R. (S)	Romford	1 11 3	5 13 0	15 6 0
Charing Cross ...	B.R. (S)	Sidcup	1 9 6	5 7 0	14 9 0
Cannon Street ...	B.R. (S)	Sidcup	1 7 6	5 0 0	13 10 0
Charing Cross ...	B.R. (S)	* Tonbridge	2 15 0	9 79 0	26 18 0
Cannon Street ...	B.R. (S)	Tonbridge	2 14 0	9 16 0	26 10 0
Kings Cross ...	B.R. (S)	Wood Green	16 0	2 18 0	7 17 0

Applicants of 14 and under 16 at HALF of above rates.

Applicants of 16 and under 18 at TWO-THIRDS of above rates.

Provided that application is made on the forms provided by the B.R. or L.T.B. and supplied via local stations.

* Outside L.P.T. Area

5 May, 1966]

[Continued]

COST OF WEEKLY TICKETS (L.T.B.)										GLC 4 (unreduced)
										£ s. d.
Archway—Charing Cross										16 0
Queen Park—Charing Cross										18 0
Bow Road—Bond Street										18 0
Finsbury Park—Piccadilly										16 0
Tooting Broadway—Bank										6 0 0
Golders Green—Bank										1 0 0
Ravenscroft Park—Hulhorn										18 0
Edgware—Charing Cross										1 7 6
Wembley—Temple										1 7 6
Northwood—Charing Cross										1 17 6
Uxbridge—Oxford Circus										1 19 0
Amersham—Moorgate										2 13 0
S.R.	*	Brighton—Victoria								3 7 0
		Woking—Waterloo								2 8 6
		Croyley—Victoria								2 16 0
		Hornham—Victoria								2 17 6
*		Southend (Central)—Fenchurch Street								2 17 0
		Southend (Victoria)—Liverpool Street								2 17 0

Majority of young people have bus ride to the station—especially in new housing areas.

* Outside L.P.T. area.

5 May, 1966]

[Continued

EXHIBIT JP 6

ANALYSIS OF CHANGES IN PASSENGER RECEIPTS
AS BETWEEN WW 1 OF 1964 AND WW 1 OF 1966

Item	£m.
1 Passenger receipts per WW 1 of 1964	36.3
<i>Add: Estimated yield of increases in fares and charges in 1965</i>	
	£m.
2 Increase made on 19th July, 1964	1.6
3 28th February, 1965 (Part of year)	0.2
4	1.8
	38.1
6 <i>Deduct: Decline in traffic compared with expectations</i>	1.0
7 Actual receipts in 1965	37.1
<i>Add: Assumed trend of traffic in future year</i>	
	0.3
<i>Less: Increase in clearance to L.T.</i>	
	0.2
10	0.1
11 Passenger receipts per WW 1 of 1966	37.2

JP 7

JHJ/RR

BRITISH RAILWAYS BOARD

Melbury House
Melbury Terrace
London, N.W.1M. H. B. Gilmour
Solicitor and Legal AdviserSolicitor and Parliamentary Officer
Legal and Parliamentary Department
Greater London Council
The County Hall
London, S.E.1Yr LP/LJ/EW/P
Or G.5707/JHJ

Date: 20th April, 1966

Dear Sir:

Application 1966 No. 2

In reply to your letter of 15th April, three copies of a diagram were handed to your representative at the Inquiry yesterday. The answers to your further questions are—

- (a) No precise details are available of the number of ticket holders, gainfully employed, at half and two-thirds rates. It is, however, estimated that at any one time there are current 1,600 half-rate and 18,500 two-thirds rate season ticket holders. If the concessions are withdrawn, it is possible that there may be a loss of, say, 1,650 ticket holders comprising 650 who formerly travelled at half-rate and 1,000 at two-thirds rate.

- (b) See the attached statement.

Yours faithfully
for Solicitor and Legal Adviser

(Signed) J. H. Jones

10/1/63/1

(Continued)

EXHIBIT FIL 10

LONDON TRANSPORT BOARD
REDUCED RATE EDUCATIONAL SEASON TICKETSAPPLICANTS IN EMPLOYMENT ANALYSED BY AGE AND EARNINGS
TEST TAKEN IN APRIL, 1963

Weekly earnings	Age 15 years %	Age 16 years %	Age 17 years %	Total %
25/- or less	5.1	2.2	1.6	2.6
Over 25/- and under £5	45.3	16.1	6.8	18.3
£5 and under £6	36.0	27.6	14.8	23.1
£6 and under £7	10.8	27.6	24.4	23.0
£7 and under £8	2.3	19.3	31.3	20.6
£8 and under £9	0.5	5.8	18.1	9.5
£9 and over	—	1.2	6.0	2.9
	100	100	100	100

NOTE: Between April, 1963 and October, 1965, the average increase in the earnings of men under 21 and women under 18 was 24 per cent.
(Source: Ministry of Labour Gazette.)

5-May-1966]

(Continued)

WW 6

Amended 28.4.66

BRITISH RAILWAYS BOARD

NET CAPITAL EXPENDITURE IN THE YEARS 1956 TO 1965 ON SCHEMES
AFFECTING PASSENGER SERVICES IN THE LONDON AREA

Description of Work	Total Net Capital Expenditure			London Area Passengers' proportion of Net Capital Expenditure		
	Depreciable Assets	Way and Structures Assets	Total	Depreciable Assets	Way and Structures Assets	Total £m.
	£m.	£m.	£m.	£m.		
Electrification Schemes:						
Southern Region—Extension of Electrification, Stage 1 (East Coast) ...	12.4	22.0	35.4	1.4	4.0	5.4
Eastern Region—Liverpool St.—Enfield/Chingford / Hertford E. / Bishops Cleeve ...	3.9	6.5	10.4	3.9	6.5	10.2
London, Tilbury & Southend Line ...	7.6	11.3	18.9	1.2	3.1	4.3
Liverpool St.—Chelmsford/Southend Conversion D.C.(A.C.) ...	1.9	2.6	4.5	0.8	1.0	1.8
London Midland — Outer Suburban Electrification and Euston Station ...	2.8	16.6	19.4	1.3	2.7	4.0
Diesel Schemes:						
Eastern Region—Great Northern suburban services ...	2.9	—	2.9	2.2	—	2.2
Lee Valley and Romford—Upminster services ...	0.7	—	0.7	0.7	—	0.7
London Midland—Marylebone suburban services ...	1.5	—	1.5	0.9	—	0.9
St. Pancras suburban services ...	1.3	—	1.3	0.6	—	0.6
Western Region—London diesel multiple unit scheme and extension ...	1.9	—	1.9	0.7	—	0.7
Rolling Stock (other than that relating to schemes listed above):						
Electric Multiple Units:						
Southern Region ...	11.2	—	11.2	4.0	—	4.0
Eastern Region — for Liverpool St.—Chelmsford/Southend Services (excluding cost of conversion D.C.(A.C.))	2.8	—	2.8	1.1	—	1.1
London Midland — for Euston-Watford service ...	1.5	—	1.5	1.5	—	1.5
Other Rolling Stock ...	7.2	—	7.2	0.7	—	0.7
Change of Electricity Supply Frequency—Southern Region ...	1.0	0.6	1.6	1.0	0.5	1.5
Reconstruction of Overpass Bridge (Victoria, S.R.) ...	—	1.8	1.8	—	1.3	1.3
Waterloo and City Railway—Travelators	0.1	0.7	0.8	0.1	0.6	0.7
Cannon Street Station ...	—	1.1	1.1	—	1.0	1.0
Other Schemes (on which the amount charged against London Area Passengers is less than £1m.) ...	3.6	32.6	36.2	2.0	15.4	17.4
	64.3	96.8	161.1	24.1	35.9	60.0

Notes: Net Capital expenditure consists of gross capital expenditure less depreciation and amortisation provisions in respect of such expenditure

5 May, 1966]

[Continued]

**LONDON TRANSPORT
EXECUTIVE
APPLICATION FOR
REDUCED RATE
SEASON TICKET**

Season tickets are issued:-

- (a) AT HALF-RATE
(b) To all applicants under 14 years of age upon completion of the authorized certificate "A."
(c) FOR RESIDENTIAL PURPOSES ONLY to all applicants of 14 and under 16 years of age upon completion of the authorized certificate "A."
(d) FOR RESIDENTIAL PURPOSES ONLY to all applicants of 16 and under 18 years of age, who are not in receipt of salary, wages, remuneration or any other monetary payment (otherwise than by grant for educational purposes) amounting in the aggregate to more than 25s. per week, upon completion of the authorized certificate "A" and "B."
(e) AT TWO-THIRDS RATE
FOR RESIDENTIAL PURPOSES ONLY to all applicants of 16 and under 18 years of age, who are in receipt of salary, wages or other monetary payment amounting 25s. per week, upon completion of the authorized certificate "A."

Holders of tickets issued under these arrangements will only be entitled to half-rate or two-thirds rate up to the time they attain the age of 14, 16 or 18 years as the case may be.

NOTE

The tickets are not valid in connection with trade or business journeys.

CERTIFICATE "A"

(This must be filled up IN INK in all cases)

I, the undersigned, request you to issue a season ticket at ^{half} two-thirds rate as under, in favour of—
Surname (in BLOCK letters).....

Other names (in full)..... Male..... Female.....

Residential address.....

Period..... Commencing date..... 196.., Expiry date..... 196..

Class..... Between..... and.....

Ticket to be taken up at.....

to..... years on..... day of.....

"the attained the age of..... said, and I certify that..... 196..

Not applicable if..... said that the season ticket applied for is required for residential purposes only to enable.....

applicant to attend "employment at.....

(Insert full name and address of school or place of employment)

In consideration of your having such ticket I personally undertake and also agree on behalf of the said.....

that "she will accept, hold.....

and use any such ticket upon subject to and in conformity with the Executive's Regulations and Conditions.....

applicable to ordinary season tickets.....

Signature of "guardian"..... 196..

Address.....

No. of ticket now held..... Expiry date..... 196..

NOTE:—Production of birth certificate may be required.

* Delete wording not applicable

110/11

CERTIFICATE "B" (to be filled up IN INK)

(Certificate "A" must also be filled up)

ADDITIONAL CERTIFICATE IN RESPECT OF APPLICANTS OF 16 AND UNDER 18 YEARS OF AGE, INCLUDING THOSE WHO WILL ATTAIN THE AGE OF 16 DURING THE CURRENCY OF THE TICKET APPLIED FOR, WHO ARE NOT IN RECEIPT OF ANY SALARY, WAGES, REMUNERATION OR ANY OTHER MONETARY PAYMENT (OTHERWISE THAN BY GRANT FOR EDUCATIONAL PURPOSES) AMOUNTING IN THE AGGREGATE TO MORE THAN 25% PER WEEK.

I certify that the above-named who is under 18 years of age, is

not in receipt of any salary, wages, remuneration or monetary payment of £..... per week and that the season ticket is required for

*in respect of salary, wages, remuneration or monetary payment of £..... per week and that the season ticket is required for

residential purposes only and will not be used for business purposes.

Signature of Principal of School or College.....

Employer

Address.....

Notes: Amount to be shown, i.e., before deduction of National Insurance, etc.

* Please wording not applicable

The right to check the bona fides of every application for a reduced rate season ticket is reserved.

When a school's season ticket is required to run concurrently with the school term, the commencing and closing dates must be given.

A certificate duly completed is required for the issue of each half-rate or two-thirds rate ticket, except that for WEEKLY tickets purchased continuously it will generally be required for only one week in every four.

Applications are reminded that at least 12 hours notice should be given before they require to use a term ticket and are asked to refrain from applying or making inquiries at the Ticket Office for half-rate or two-thirds rate season tickets during the "peak hour" traffic periods.

HALF-RATE OR TWO-THIRDS RATE WEEKLY TICKETS ARE NOT ISSUED BEFORE 10 a.m. ON MONDAYS. RENEWALS ARE OBTAINABLE AFTER 4.30 p.m. ON FRIDAYS.

TO BE FILLED IN BY BOOKING CLERK

STATION STAMP	BETWEEN		Weekly ticket numeral				
	AND		1st week	2nd week	3rd week	4th week	5th week
EXPIRY DATE STAMP	ROUTE		Ticket No. (Quote "B" if blank card)				
	RATE CHARGED £		MONTHLY QUARTERLY TICKET NO.				
ISSUED BY		(Quote "B" if blank card)					

IN THE COURT OF THE TRANSPORT TRIBUNAL

**IN THE MATTER OF THE APPLICATION (1966 No. 2) MADE BY THE
BRITISH RAILWAYS BOARD FOR AN ORDER ENTITLED**

**THE LONDON FARES (BRITISH RAILWAYS)
ORDER 1966**

TUESDAY, 26th APRIL, 1966

FIRST DAY



**LONDON: HER MAJESTY'S STATIONERY OFFICE
1966**

PRICE 4s. NET



IN THE COURT OF THE TRANSPORT TRIBUNAL

**IN THE MATTER OF THE APPLICATION (1966 No. 2) MADE BY THE
BRITISH RAILWAYS BOARD FOR AN ORDER ENTITLED**

**THE LONDON FARES (BRITISH RAILWAYS)
ORDER 1966**

FRIDAY, 29th APRIL, 1966

SECOND DAY



**LONDON: HER MAJESTY'S STATIONERY OFFICE
1966**

PRICE £1 14s. 0d. NET



IN THE COURT OF THE TRANSPORT TRIBUNAL

**IN THE MATTER OF THE APPLICATION (1966 No. 2) MADE BY THE
BRITISH RAILWAYS BOARD FOR AN ORDER ENTITLED**

**THE LONDON FARES (BRITISH RAILWAYS)
ORDER 1966**

MONDAY, 2nd MAY, 1966

THIRD DAY



**LONDON: HER MAJESTY'S STATIONERY OFFICE
1966**

PRICE £1 5s. 0d. NET

IN THE COURT OF THE TRANSPORT TRIBUNAL

**IN THE MATTER OF THE APPLICATION (1966 No. 2) MADE BY THE
BRITISH RAILWAYS BOARD FOR AN ORDER ENTITLED**

**THE LONDON FARES (BRITISH RAILWAYS)
ORDER 1966**

TUESDAY, 3rd MAY, 1966

FOURTH DAY



**LONDON: HER MAJESTY'S STATIONERY OFFICE
1966**

PRICE £1 5s. 0d. NET



IN THE COURT OF THE TRANSPORT TRIBUNAL

**IN THE MATTER OF THE APPLICATION (1966 No. 2) MADE BY THE
BRITISH RAILWAYS BOARD FOR AN ORDER ENTITLED**

**THE LONDON FARES (BRITISH RAILWAYS)
ORDER 1966**

WEDNESDAY, 4th MAY, 1966

FIFTH DAY



**LONDON: HER MAJESTY'S STATIONERY OFFICE
1966**

FROM £1 8s. NET



IN THE COURT OF THE TRANSPORT TRIBUNAL

**IN THE MATTER OF THE APPLICATION (1966 No. 2) MADE BY THE
BRITISH RAILWAYS BOARD FOR AN ORDER ENTITLED**

**THE LONDON FARES (BRITISH RAILWAYS)
ORDER 1966**

THURSDAY, 5th MAY, 1966

SIXTH DAY



**LONDON: HER MAJESTY'S STATIONERY OFFICE
1966**

PRICE £2 10s. 6d. NET

